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## CLIFFORD HUGH DOUGLAS

1879 - 1952

IT IS WITH THE DEEPEST REGRET THAT WE RECORD THE DEATH OF MAJOR C. H. DOUGLAS ON THE MORNING OF MONDAY, SEPTEMBER 29



MAJOR CLIFFORD HUGH DOUGLAS

M.I. Mech. E., M.I. Mining E., M.I.E.E., 1879-1952. Educated Cambridge University.

Chief construction engineer, chief engineer and manager, India, 1900-1910; deputy chief electrification engineer, Buenos Aires Pacific Railway, 1911; engineer P.O. Railway, London, 1913-14; assistant superintendent Royal Aircraft Factory, 1917; chief European witness, Canadian Parliamentary inquiry on banking and commerce, 1923; member World Engineering Congress, Tokyo, 1929; witness, McMillan Committee on Finance and Industry, 1930.

Major works: "Economic Democracy" (1919); "Credit Power and Democracy" (1920); "Social Credit" (1923); "Control and Distribution of Production"; "The Monopoly of Credit" (1931); "Warning Democracy"; "The Alberta Experiment" (1937); "The Big Idea" (1942); "Programme For the Third World War" (1943); "The Land for the (Chosen) People' Racket" (1943); "The Brief for the Prosecution" (1945).

*"But they shall sit every man under his vine and under his fig tree; and none shall make them afraid."*

# THE POLICY OF A PHILOSOPHY

## An Address to a Conference of Social Crediters in London on June 26, 1937

**First of all, may I express my great pleasure in being able to talk, not to a general audience, but to a company of friends. That is a special pleasure which I have not very frequently, consciously, given myself, because there is not very much sense in talking to the converted, and it is a harder and more difficult job sometimes to talk to a slightly sceptical audience. But this is a pleasant occasion, and I am very grateful for the opportunity.**

I don't know that anything that I am going to say to you is of any transcendent importance. It is very largely a question of emphasising things which, in one way or another, you know probably fairly well at the present time, but which, like so many other things connected with this subject in which we are all interested, have certain very subtle emphases. I have come to the conclusion, and others in the Social Credit movement, so-called, have come to the conclusion with me I think, about these very slight differences of understanding — the very slight differences of emphasis one may place upon certain things which are quite familiar in one form, but which if you put a slightly different emphasis on them, appear in a different light—that it is, indeed, in this different emphasis that the most important thing which we have to contribute may be said to reside; and to begin with, I am going to define two words which will be used a good deal in what I have to say, and a good deal in what you all have to do, and the first of them is "policy".

We have had a certain amount of correspondence in regard to the use of this word "policy", and it is not a bad thing. I think, to go back to the etymological roots of a word; it may not lead to anything, but sometimes it does. Policy is allied to "police" and has, I think, much the same meaning. The just, original meaning was that it was Civil Government applied to a recognised objective. There is a meaning of objective, a strong essence of objective, in the word "policy". It is not merely administration. It is actually, if you like, governmental action, but it is action taken towards a recognised and conscious objective, and it is in that sense that we use the word "policy"; it is a little more, but it comprehends and comprises the word objective. That is the first word.

The second word that I am going to define, for my own purpose if you like, is the word "religion".

Now the word "religion", again going back to its etymological derivations, derives from a word meaning to bind back; it is related to the word ligament, and so forth, and sometimes it is defined as meaning to bind. Well, it obviously would have a slightly unpleasant flavour if you define it as being to bind, but I think that the agreed definition, its original meaning, was to bind back. In the sense that I am going to use it, and I think I will be using it correctly, the word religion has to do with a conception of reality. It is the binding back either of action, or of policy—particularly of policy

in the sense that I was using the word policy—to reality. In so far as it means to bind back, to bring into close relation again, and in that sense I am going to use it, religion is any sort of doctrine which is based on an attempt to relate action to some conception of reality. It does not necessarily mean, for instance, that your conception of reality is a correct one, but it does mean that you are postulating that there is something which we refer to as real, and you are basing your policy upon that reality.

Not very long ago, a very competent member of the Social Credit Movement, in whose opinion I place great faith, said he thought the morale of the Secretariat and, on the whole, the Movement which was closely associated with it, was extraordinarily good, but that he thought the morale of the Social Credit Movement as a whole was bad, and he wanted ultimately to consider that state of affairs, from what it arose, and what could be done about it. Well now, first as to the facts. A little later, I shall come to one more definition of what we mean by Social Credit—but, first, as to the facts.

In a great many people's minds, Social Credit is a scheme of monetary reform, and the explanation of why any scheme of monetary reform at the present time is having rather heavy going, of course, is because we are all suffering under a wave of so-called "prosperity" and obviously, if your conception of Social Credit is that it is merely a scheme of monetary reform you will follow the curve of monetary reform. When things are bad monetary reform is always on the upgrade, and on the downgrade, at any rate temporarily, when things are a little bit better, and although I think we should all agree, those of us who really know anything about what is the position of this country, that there is a great deal more hot air than prosperity at the present time, the fact is indubitable that through rearmament, and things of that kind, there is more money being distributed and people are better off. I think it is very patchy, but at the same time, there is such a state of affairs; so that in the narrow sense of a scheme of monetary reform, it is perfectly easy to see why, just at the moment, we should not be especially progressive or making the headway perhaps, that people think we ought to make. But, in my opinion, it is a very superficial definition of Social Credit that it is merely a scheme of monetary reform; and this is where the definitions I insisted on come in to some extent.

Social Credit is the policy of a philosophy. It is something based on what you profoundly believe—what at any rate, I pro-

foundly believe, and hope you will—to be a portion of reality. It is probably a very small portion, but we have glimpsed a portion of reality, and that conception of reality is a philosophy, and the action that we take based upon that conception is a policy, and that policy is Social Credit. It is in fact a policy based upon a philosophy, which is, incidentally, why, in many cases, it is no use arguing with many people about the technics of Social Credit, because they don't agree with your philosophy; often they don't even understand it, and, therefore, what you say in regard to policy and technics sounds like a loud noise to them, chiefly without any sense; and the best thing to do in the circumstances is, of course, to agree to differ.

About the middle of the 17th Century we had a Civil War in this country between the Stuarts who were the protagonists of a theory of the Divine Right of Kings, and the Roundheads—the Whigs and the Puritans. It is a very unfortunate thing that very often the best causes have the worst protagonists, for there could probably not have been worse protagonists of what in one particular sense was a very sound thesis, than the Stuarts. I am not going to suggest that there is any reality about the Divine Right of Kings, because whatever there may have been in ante-diluvian ages, no one would be foolish enough to suggest that now. But the point I want to make is this: It was a perfectly logical proposition to have a civil war about the Divine Right of Kings, and the State Church—the particular sort of church—and even to have an idea that the King could impress a religion upon the country, and at the same time have a particular policy.

If there is one thing, which seems to me beyond dispute, it is that you cannot have a policy (here I use the word again in the way in which I have defined it), the policy of a country, policy of a race, or of a nation, without having a philosophy behind it. You cannot have a bridge without a model and drawing behind it, or without having had a desire to have a bridge. You might as well say the Sydney Bridge just grew although nobody had ever said they wanted a bridge. I am absolutely convinced myself that there must be somewhere behind the policy a philosophy, or you cannot have a policy. Now, if you remember, the religious aspect of the Civil War was freedom of conscience, so-called; in other words, you were to be allowed, and you very rapidly did have, under the Protectorate, 57 religions, all different, and the only reason that you did not have 570 religions was that people could not think quickly enough. I am not saying that any of them was either right or wrong. I am not interested. The rather subtle point I am trying to make is this—that the philosophies in the mind of the people in the country became completely chaotic, and that left the way open to the dominance of a philosophy, which was not any one of them. I am not suggesting that the philosophy before the rise of the Protectorate was a right philosophy. What I am saying is that the attempt of the Stuarts was to have a unified principle behind their policy, and that it was completely offset under the plea of freedom of conscience, out of which there could not possibly come a coherent policy, nor did there.

The rise of the Protectorate, as, of course, we know, was financed by Manesseh ben

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## THE POLICY OF A PHILOSOPHY

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Israel; and the first Act of the Protectorate was to readmit the Jews into England, possibly a good and sound thing†, but it had the undoubted effect of elevating Whiggism, which with one very short interval, that of the Restoration, has been dominant in this country ever since; and Whiggism is abstractionism. I am not here as a protagonist of Christianity (in fact I am eventually going to talk about "Local Objectives", and I am getting there, though you may not think so!), but Whiggism is abstractionism, and this country, which is allegedly a Christian country, is probably the greatest exponent of abstractionism as a national policy in the world today. The whole of our protestations as to the way in which we govern our actions allege it to be Christian—as I say, I am not here as a protagonist of Christianity, I am looking at this from a very different point of view but our actions in this country—our penal system, our industrial system, our methods of dealing with criminals and our methods of dealing with business—actually have no relationship whatever to Christianity or anything which could be remotely related to it at all.

Our policy, so far as it can be defined, and the policy of this country, by common consent of all other countries, is the most difficult to disentangle, is related philosophically to the adulation of money. Money is an abstraction. Money is a thing of no value whatever. Money is nothing but an accounting system. Money is nothing worthy of any attention at all, but we base the whole of our actions, the whole of our policy, on the pursuit of money; and the consequence, of course, is that we become the prey of mere abstractions like the necessity for providing employment. That is where Whiggism is so successful in that it puts forward in a moral form something, which it is extraordinarily difficult to disentangle from its slyness, something that in fact, it is not really aiming at at all. What is being aimed at so far as you can put it in a few words is a pyramidal slavery system by which people are kept in their places, and it is done by elevating things into rewards, and giving them values, which don't exist. For instance, take the Honours system in this country. Anybody of common sense knows that these "Honours" often are bought with a cheque. Well, there is nothing honourable about buying honour with a cheque. That is abstractionism—pure Whiggism—giving to a thing quality, which it does not possess.

You may remember, of course, that after a short interim while the Stuarts came back again, there was the orgy of the Restoration when James II finally disappeared; William and Mary came to the throne as nominees of the Whigs. Well their first action, practically, to which you can attach any importance at all was the foundation of the Bank of England in 1694, and from that time, of course, we have been happier and happier every year; And that is where we are at the present time. Now just as I said to you at Buxton that you had to have a mechanism by which you could bring the desires of people to

impinge upon the organisation through which things are done and the organisation through which things are allegedly done, or could be done, in this country, is the Parliamentary system—just so you have to recognise (and this is nothing fresh to the people I have been inflicting my ideas more closely on for the past few years) that you have to build up in some way or other something which will prevent a state of affairs coming into existence such that, when you have, by the efforts of a few devoted people, shall we say, got together all the signatures which are necessary to place pressure upon the House of Commons to make them do what you want, you can be frustrated by a change in the rules. The danger, which I have always foreseen, and which under certain circumstances would be inevitable, and even mathematically certain, would be for them to say: "All right! you have got to the position where you can get what you want, so now well abolish the Parliamentary system."

Behind any mechanism, you always have to have a sanction. It is the sanction, which is the important thing. If you have the sanction, the mechanism can always be devised. You have, in the Electoral Campaign, the mechanism which will deal with the Parliamentary system, but you have no sanction to prevent the Parliamentary system being abolished, and a dictatorship, say, set up. We should be lacking in judgment if we were to go forward without doing certain things along parallel lines, and this does not in the slightest degree detract from my inflexible opinion that we have got to push the Electoral Campaign right through, but we have to make sure that when we have won the game under the rules of the game as they are at present, the rules are not changed.

In one of those dreadful books, which are always being quoted against me—"Credit Power and Democracy" or some other—I think I said that the essential nature of a Social Credit state was a democracy of consumers accrediting, and being served by an aristocracy of producers. Now that is the materialistic aspect of certain relationships to which we think we have claims in reality and I don't want you to take my word for it, but to consider it for yourselves whether, in fact, in the world that is working today, there is anything working successfully which does not really work along these lines. Nobody knows of a successful democratic producing concern. There is no such thing—or at least, I have never heard of it. It certainly does not exist in the Co-operative Movement, or in the Labour Movement. On the other hand, we have working today, to a certain extent, with powerful reservations, a democracy of consumers. The democracy of consumers is not properly financed, but it is a fact that no producing concern can go on producing against the inflexible dislike of all its consumers; to put it plainly, it cannot sell its goods, so it goes out of business.

Examine that statement for yourselves. Does it appear to be, and is it, in fact, in the nature of things that all producers must be hierarchical, that you must have a grade of precedence in all people employed in producing, so that you can always get a decision, so that there is always the possibility of a decision? Anybody who has any experience of very large undertakings will probably know as well as I do,

and I have some experience of large undertakings, that the whole problem of making these undertakings successful is to devise a method by which you get quick decisions. That is where the big undertakings in this country, such as the railways, are unquestionably failing at the present time. The distance between where things happen and the man who has the power to say, "Do this about it", is too big.

There is too great a length of time before decisions come through; that is the great problem, and in order to solve it you have got to have hierarchy combined with the power to make decisions quickly. Now it goes without saying that if you are going to devote a very considerable proportion of the lifetime of people to the economic process, as we do at the present time, though I hope we shall not continue to do so, you must have agreement on policy. We have all been over this before and know, therefore, that it is in the region of policy that democracy has its proper function, not in that of method, or, as you might say, production. Now we are getting a little nearer to the Social Credit Movement and our various objectives.

Whilst what I have been saying has received, at large, a certain amount of lip service, when it actually comes to doing something about the Social Credit Movement—and you must remember that actually doing something about Social Credit falls quite naturally into the relationship of producer and consumer, just exactly as everything else does, because when you have got to do something everybody cannot take executive positions—you have got to have this fundamental relationship which is one of the primary conceptions of the policy of Social Credit. That you must have policy democratic and execution hierarchical is one of our fundamental conceptions in Social Credit; yet when we actually come to the point in which we are doing things, quite a large proportion of the Social Credit Movement falls into the misconception of producer and consumer exemplified by an American baseball crowd. "A good time is had by all," telling people second by second exactly what those on the field are doing and should do, and how much better those sitting in the stalls could do it than those who are playing. I don't complain, because, as a matter of fact, I have nothing to complain of—far from it; but I am simply pointing out that in my opinion, to get a thoroughly sound morale right through the whole of the Social Credit Movement, this conception—which is one of the first and most elementary conceptions of how things can possibly be done, how it is in the nature of reality of things to be done—has to be grasped first of all. If anybody can show me a single exception, in industry or even in games, in which that conception does not stand, then I shall be very pleased to reconsider my views, if I consider what they see a just example. I don't know of any example myself.

Now we are getting still nearer to what we call Local Objectives. The object of the Local Objective idea is at least threefold, but if I had to place emphasis on one aspect of it more than others, it is that it is a discipline; or an exercise. You will remember when I seemed a long way from the subject of Local Objectives that I said you

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† It is possible that this is to carry broad-mindedness to excess in the light of subsequent events. —C.H.D.

## THE POLICY OF A PHILOSOPHY

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could not have a policy without a philosophy: You could not have a country which was pursuing a consistent policy unless somewhere at the back of it there was a consistent philosophy. Now the first part of this policy based upon a philosophy that I should like to see driven home is the reality of this relationship between the people who are doing things and the people who are empowering them to do them, and I myself cannot see any better way than trying if it works. It is a well-known proposition amongst engineers in particular, that when you are trying something, which is in some of its aspects novel, you want to try it on the smallest scale you can to begin with; make a model of it and see how that works. First make a drawing, then a plan, and if it does not work well on the model, alter the model, until it does work, and in doing that, you will not only find out that you can do certain things, but you will get into the minds of the people who do things in that way the absolute certainty that they will always succeed if they proceed along these lines.

The Local Objective proposal, then, is in no sense something to replace the Electoral Campaign. It is something, which has, as I say, several aspects. In the first place, it gets something useful done. You pick out a local objective which wants achievement, and then you definitely train yourselves to achieve that objective in a particular way by the tools which on a small scale are those which could achieve the results you desire from the Electoral Campaign; and when you have got a sufficient number of people to believe in the only way that belief is useful, that is to say, belief founded on successful experiment and knowledge—they will not tolerate a change in the rules of the game on the larger scale of the Electoral Campaign to which ultimately you will have to address yourselves. It is only by getting this knowledge, the knowledge which is gained by discipline, and thus only by accepting this discipline, that you will become strong enough to carry out a successful objective on a large scale—only by a knowledge which first of all imposes upon yourself the grasp of the fact that you must succeed if you will first of all be democratic about your objective, let us say, to have a lamp post moved from one side of the road to the other, and get people together to say: "We will have this done, and will resolve ourselves into a firm body and give orders for getting that lamp post moved from the left to the right", and thereafter leave the technician to do the job in his own way. You will succeed, I am absolutely convinced, and having succeeded, you will say: "This is the goods—if we can do it in this little thing, we can do it in a bigger thing, and when we do it in a bigger thing, we will not have the rules of the game changed."

That really is all I have of great importance to say to you. There is nothing new about it. What I feel is that we have got to the stage in which we must get out of a great many people's minds the idea that Social Credit is an unlimited license for what the Americans call a "free for all", that in some extraordinary sort of way, by uttering the word "Social Credit"

or saying "I am a Social Creditor" or saying "finance is rotten" and so forth, you can achieve the millennium. You cannot achieve the millennium any more than anything else, which has been achieved, except by taking action along lines, which will achieve it. All that you can say about Social Credit, either in its monetary aspects, or in these aspects I am discussing tonight, is that we see—and I profoundly believe that we do see—just a little bit of the way in which the universe does in fact act. We see, through the adulation, what the nature of money is, and knowing the nature of money, we know what we can make it do, and what we cannot. Our power is largely in this fact that we know a little, or believe we know a little—and the sort of belief, which made people fight for religious conviction in the Civil War, is an important thing. The important thing then was not that the religious conviction was right but that they believed in it. The trouble now is the people don't know where they are going, or how to get there.

We have something we want to achieve so we have to get into our minds a conception of the mechanism of the universe in order to use it; whereas, of course, the average man in the street, including the average politician, the average statesman, and the average person, does not even know where he is going, much less how to get there. That is one of the chief explanations of the chaos now, and it leaves the way clear to those who have a conception of the world they want. So long as they have a clear-cut conception, together with the use of the organisation which alone can achieve success, and which is actually working in the world, they will continue to be the force, which imposes present policy on the world. That is why the system stays, that is why it achieves the results it does in the relationship between the democracy of policy, and the aristocracy of the producer. That is why our present financial and monetary system holds together. If the consumers struck, if it were possible for every consumer in this country to buy nothing for nine months, the whole economic system, of course, would collapse, and you could make any new one that you wanted. It is the relationship, which keeps it together, and you have got to recognise that relationship.

Our new philosophy will change the run of the universe at once. It will enable you to have a new conception. So if you can do that, and in my opinion you can do it systematically, you will, in an incredibly short time, become the most formidable force that the world holds, because you will have, in my opinion, the sounder philosophy, and you would have, in that philosophy, a better policy.

### CABLE OF SYMPATHY TO MRS. C. H. DOUGLAS

Upon hearing of Major Douglas's death, we despatched a cable of sympathy to Mrs. Douglas, and expressed our determination to continue propagating the inspiring message given to the world by the greatest mind of this century.

## Principles of Association

The first proposition which requires to be brought out into the cold light of the day, and to be kept there remorselessly, at the present time in particular, is that nations are, at bottom, merely associations for the good of those composing them. Please note that I say "at bottom". Association is at once the direct cause of our progress and of our threatened destruction. The general principles, which govern association for the common good, are as capable of exact statement as the principles of bridge building, and departure from them is just as disastrous.

The modern theory, if it can be called modern, of the totalitarian state, for instance, to the effect that the state is everything and the individual nothing, is a departure from those principles, and is a revamping of the theory of the later Roman Empire, which theory, together with the financial methods by which it was maintained, led to Rome's downfall, not by the conquest of stronger Empires, but by its own internal dissensions. It is a theory involving complete inversion of fact, and is, incidentally, fundamentally anti-Christian, in that it exalts the mechanism of government into an end rather than a means, and leads to the assumption that individuals exist for the purpose of allowing officials to exercise power over them. It is in the perversion and exaltation of means into ends in themselves, that we shall find the root of our tragedy. Once it is conceded that sovereignty resides anywhere but in the collection of individuals we call the public, the way of dictatorship is certain.

—"The Tragedy of Human Effort", address given in Liverpool, England, on October 30, 1936.

### LAW

The Common Law of England worked on the whole to the general benefit, largely because it always had regard for the fundamental maxim *De Minimis non curat lex*—the law is not concerned with trivial matters. And it is small matters, which make up the essential life. The principle has only so to be stated to see how far we have departed from it, and how fantastic it is to have an organisation, which is forever grinding out new laws . . .

While this place for law in its proper place, and stripped of the nonsense of majesty and sanctity, may be admitted, it is yet possible to say, I think without any effective reply, that Law becomes more irrational, oppressive, and ultimately intolerable as the number of persons affected by it increases . . . No people ever became great by passing laws, and the combined tendency to regard law as a substitute for action, while abandoning industry for bureaucracy, is one of the most dangerous symptoms of racial degeneracy. — "Programme For the Third World War" (1943)

### INTEGRITY

It is not brains of which the Plotters are afraid—it is integrity. — "Programme For the Third World War" (1943)

# SOCIAL CREDIT PRINCIPLES

## An address delivered at Swanwick (England), November 1924

The financial system is the works or factory system of the world, considered as an economic unit, just as the planning department of a modern factory is of that factory.

No discussion of the financial system can serve any useful purpose, which does not recognise:—

- (a) That a works system must have a definite objective.
- (b) That when that objective has been decided upon it is a technical matter to fit methods of human psychology and physical facts, so that the objective will be most easily obtained.

In regard to (a) the policy of the world economic system amounts to a philosophy of life. There are really only three alternative policies in respect to a world economic organisation:—

The first is that it is an end in itself for which man exists.

The second is that while not an end in itself, it is the most powerful means of constraining the individual to do things he does not want to do; e.g., it is a system of Government. This implies a fixed ideal of what the world ought to be.

And the third is that the economic activity is simply a functional activity of men and women in the world; *that the end of man, while unknown, is something towards which most rapid progress is made by the free expansion of individuality, and that, therefore, economic organisation is most efficient when it most easily and rapidly supplies economic wants without encroaching on other functional activities.*

You cannot spend too much time in making these issues clear to your minds, because until they are clear you are not in a position to offer an opinion on any economic proposal whatever.

In regard to (b) certain factors require to be taken into consideration.

(1) That money has no reality in itself. That in itself it is either gold, silver, copper, paper, cowrie shells, or broken teacups. The thing which makes it money, no matter of what it is made, is purely psychological, and consequently there is no limit to the amount of money except a psychological limit.

(2) That economic production is simply a conversion of one thing into another, and is primarily a matter of energy. It seems highly probable that both energy and production are only limited by our knowledge of how to apply them.

(3) That in the present world unrest two entirely separate factors are confused. The cry for the democratisation of industry obtains at least 90 percent of its force from the desire for the democratisation of the proceeds of industry, which is, of course, a totally different thing. This confusion is assisted by the objective fact that the chief controllers of industry get rich out of their control.

I do not, myself, believe in the democratic control of industry any more than I should believe in the democratic control of a cricket team, while actually playing, and I believe that the idea that the average individual demands a share in the administrative control of industry is a pure myth.

The present world financial system is a Government based on the theory that men should be made to work, and this theory is

considerably intermixed with the even stronger contention that the end of man is work. I want you to realise that this is a statement of fact, not a theory. More than 95 percent of the purchasing power actually expended in consumption is wages and salaries.

It will therefore be seen that there are two standpoints from which to examine its mechanism. The first considered as a method of achieving its political end of universal work, and the second as means of achieving some other political end—for instance, the third alternative already mentioned.

*Considered as a means of making people work (an aim which is common both to the Capitalist and Socialist Party Politics) the existing financial system, as a system, is probably nearly perfect.*

Its banking system, methods of taxation and accountancy counter every development of applied science, organisation, and machinery, so that the individual, instead of obtaining the benefit of these advances in the form of a higher civilisation and greater leisure, is merely enabled to do more work. Every other factor in the situation is ultimately sacrificed to this end of providing him with work, and at this moment the world in general, and Europe in particular, is undoubtedly settling down to a policy of intensive production for export, which must quite inevitably result in a world cataclysm, urged thereto by what is known as the Unemployment Problem.

To blame the present financial system for failing to provide employment is most unfair; if left alone it will continue to provide employment in the face of all scientific progress, even at the cost of a universal world-war, in which not only all possible production would be destroyed, but such remnants of the world's population as are left will probably be reduced to the meagre production of the Middle Ages.

*Considered as a mechanism for distributing goods, however, the existing financial system is radically defective. In the first place, it does not provide enough purchasing power to buy the goods, which are produced.*

I do not wish to enter at any great length into the analysis of why this is so, because it is always a matter of some heated controversy. I have, however, no hesitation whatever in asserting not only that it is so, but that the fact that it is so is the central fact of the existing economic system, and that *unless it is dealt with no other reforms are of any use whatever.*

And the second feature of equal importance is that considerably less than the available number of individuals, working with modern tools and processes, can pro-

duce everything that the total population of the world, as individuals, can use and consume, and that this situation is progressive, that is to say, that year by year a smaller number of individuals can usefully be employed in economic production. To summarise the matter, the principles which must govern any reform of the financial system, which will at one and the same time avoid catastrophe, and re-orientate world economic policy along the lines of the third alternative, are three in number:—

1. *That the cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices for consumable goods for sale in that country, and such cash credits shall be cancelled on the purchase of goods for consumption.*

2. *That the credits required to finance production shall be supplied, not from savings, but be new credits relating to new production.*

3. *That the distribution of cash credits to individuals shall be progressively less dependent upon employment. That is to say, that the dividend shall progressively displace the wage and salary.*

I may conclude by a few remarks on the position of the banks, in respect of this situation. It is becoming fairly well understood that the banks have the control of the issue of purchasing power to a very large extent in their hands. The complaint, which is levelled at the banks, is generally that they pay too large a dividend. Now, curiously enough, in my opinion, almost the only thing, which is not open to destructive criticism about the banks, is their dividend. Their dividend goes to shareholders and is purchasing-power, but their enormous concealed profits, a small portion of which goes in immensely redundant bank premises, etc., do not provide purchasing-power for anyone, and merely aggrandise banks as banks.

But the essential point in the position of banks, which is so hard to explain, and which is grasped by so few people, is that *their true assets are not represented by anything actual at all, but are represented by the difference between a society functioning under centralised and restricted credit and a free society unfettered by financial restrictions.*

To bring that perhaps somewhat vague generalisation into a more concrete form, the true assets of banks collectively consist of the difference between the total amount of legal tender, or Government money, which exists, and the total amount of bank credit money, not only which does exist, but which might exist, and which is kept out of existence by the fiat of the banking executive.

### RULE OF THE ORGANISED EXPERT

If I were asked to specify the most disastrous feature with which the world in general, and this country in particular, is threatened, I should reply, "The rule of the Organised Functional Expert—the engineer, the architect and the chemist amongst others." As I am an engineer and retain the most wholehearted affection for engineering, I may perhaps be credited with objectivity in this matter.

—"The Land for the (Chosen) People' Racket".

"New Times," October 17, 1952—Page 5.

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## *The Monopoly of Credit!*

*In his address entitled "The Use of Money", given in Christchurch, New Zealand, on February 13, 1934, Major Douglas made the following fundamental point: "The financial system is nothing but a ticket system. The ticket system must be made to reflect the actual truth of the productive system and not attempt to control it. Finance must be made to follow industry and business and not control them, and the actual means by which real wealth is produced must be recognised as being largely descended to us from the labours and the genius and the work of a very large number of inventors, and so forth, who are now dead, and these inventions are the legacy of civilisation and therefore the product of their legacy is something to which we all have a right, and because that is the chief form of production, it is the factor in production which we all have to share."*

*The Social Credit conception of the financial system is fundamentally opposed to the idea that it should be an instrument of policy imposed by planners of any description. This idea, which is shared by both Communists and international financiers, gives rise to various schemes for a "planned monetary system" The modern credit system is basically an accountancy system and, if it were serving the individual as it should, it would merely be reflecting the facts of production and consumption. At present the financial accountancy system is not only not reflecting facts, but is being deliberately used as an instrument for controlling the individual.*

*Many people have missed the essence of Douglas's attack upon the monopoly of financial credit and the control of real credit, which this monopoly gives. Social Credit is opposed to monopoly of any description, "private" or "public". Social Credit financial proposals seek to decentralise credit control in order that the individual has, under genuine free enterprise, effective control of the productive system. Once the money system is regarded as a ticket system, as suggested by Douglas, it is simple to understand that the number of tickets necessary will be automatically governed by the individual's desires. And these desires would only be limited by the community's productive capacity—its real credit.*

## A TASMANIAN TRIBUTE

On behalf of Social Crediters in Tasmania, I wish to salute the departure of one of the natural leaders of the British people, Major C. H. Douglas. He was one of the really great men of our era. That his ideas did not fit into the rigid pattern of finance and politics of officialdom throughout the world is our misfortune.

In his later years Douglas' chief concern was to show the British people those who were placing the skids under them, and how. He believed that world wars were aimed as much at the elimination of the British as of the German people. Douglas was chiefly known by the controversy, which ranged round his A plus B theorem. He proved that the purchasing power of the people could never catch up with prices, and that the financial system can only operate by pledging the future to pay for current production—this being done by the hire-purchase system and by continuously increasing loans from the banking system.

Douglas was one of the first of the few intellectuals to point out that the stronger the totalitarian State becomes the more helpless becomes the individual, and the hostility with which Douglas' ideas were met with cannot be understood unless one realises that this hostility was inspired and directed from the very apex of power. When it was discovered that Douglas aimed at removing that power from the apex and returning it to the people it is easy to understand why the name of Douglas was so effectively removed from official mention.

—James Guthrie, B.Sc., in "The Mercury", October 4.

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## A. R. Orage's Tribute

The late A. R. Orage, brilliant editor of "The New Age", to whom Douglas submitted the manuscript of his first book, "Economic Democracy", related in 1926 the impression made upon him by Douglas and his ideas: "He had been assistant-director of the Government aircraft factory during the war: he was a first-rate engineer; he had encountered financial problems practically as well as theoretically; and he appeared and proved to be the most perfect gentleman I have ever met. His knowledge of economics was extraordinary; and from our first conversation everything he said concerning finance in its relation to industry—and, indeed, to industrial civilisation as a whole—gave me the impression of a mastermind perfectly informed upon its special subject. After years of the closest association with him, my first impression has only been intensified. In the scores of interviews we had together with bankers, professors of economics, politicians, and business men, I never saw him so at much as a moment's loss of complete mastery of his subject. Among no matter what experts, he made them look and talk like children."

# THE MONOPOLISTIC IDEA

## Melbourne Town Hall Address on January 22, 1934.

The title, which may be applied to this address of mine tonight, is "The Monopolistic Idea." First of all, I wish to point out to you that the idea of world monopoly is not a new one, far from it, although it has taken many forms. Practically all the world's historical empires, beginning with the Roman Empire, although there were others before that, were attempts at world power. That was the first type of an attempt at world monopoly, the military idea. We had an attempt in that direction so late as in 1914. It was the hardly concealed objective of the German Empire to form a military world state, which would be supreme.

We know that failed. Another attempt along administrative lines undoubtedly was launched immediately after that in the original idea of the League of Nations, which undoubtedly contemplated the formation of something of the nature of a superior state, which should lay down the law for everyone else. That never got very far, because I think its objective was early realised, and imperceptibly it merged into something else, which is undoubtedly a matter for our closest concern today, namely, the financial world state, the financial hegemony of the world by a selected group of central banks, crowned by the Bank of International Settlements. That is simply the translation of the same idea into different methods, one after the other. You can see that it is a constantly recurring idea, and it recurs in different forms. I think it is extremely important to recognise it, because you can then recognise what is the connected meaning of a lot of disconnected things, which are going on all over the world at the same time.

The form of the attempt at a comprehensive centralised monopoly in Great Britain and the British Empire is something, which is called rationalisation, and it is being carried on under the direction—at any rate, the ostensible direction—of the Bank of England.

Rationalisation is claimed to be the supersession of small and so-called inefficient undertakings by large trusts, and this is being achieved by a number of methods and in a number of ways.

One interesting example of how the mechanism works came into my experience as an engineer and company director. It is a very interesting instance of how these things come about. We found that in competing for a certain class of work we were always amongst a few high tenderers, and those high tenderers with us we knew to be practically the only solvent firms in that particular business, at any rate in that particular district. But we found that firms, which were notoriously inefficient and notoriously insolvent, owing enormously large sums of money to banks, were quoting prices for particular types of work, which were sometimes half the prices we could quote.

Of course, no explanation was given, but there were only two possible explanations of this. One was that these inefficient firms, being completely in the hands of financial undertakings, with their shareholders having no hope of ever obtaining any money or anything else, instructed their

estimating staffs and operating staffs to quote any price which would get the work, because they knew that would merely have the result of increasing their overdraft with the bank, and that the bank could not shut them down, because they had no value as a scrapped concern, whereas they had a value as a going concern. The result of that state of affairs was peculiar, and it was that all the work went to the most energetic firm, or a considerable amount of it did, and the result of that, in parts of England, has been to put all except a certain selected number of firms out of business. Those firms are amalgamated, and they form the nucleus of a class. What happens to the unfortunate people not in that class does not matter from the point of view to those in the class. That is one form that this centralised monopoly takes with rationalisation in a country.

The excuse which is given for that policy is, "Oh, yes, it may seem that a good deal of hardship is being inflicted at the moment, but we cannot help that; ultimately industry will be much more efficient." Now, there are two comments, which may be made upon that. The first is that industry already is so efficient that it does not require to be worked at more than a small proportion of its possible output to supply all the goods, which people can absorb at the present time, so that, quite obviously, efficiency is not a pressing matter. The second comment which may be made is that it is by no means proved that large undertakings are very much more efficient than small ones. In many instances exactly the reverse is the case. This rationalisation into a series of trusts, all controlled at their apex by banking concerns, is the form, which the monopolistic idea is taking, I think we may say, in the British Empire.

One would think at first sight that nothing could be more remote from that than Russia. During the past two or three years I have devoted a good deal of attention to Russia. Various attaches from the Russian Embassy in London have been to see me, and I have talked to the American consulting engineers who have done and directed most of the actual work and so forth in Russia. Therefore, I think I have reasonably clear and sound ideas as to what is happening in Russia. The position there is alleged to be a dictatorship of the proletariat. What is the case, without a shadow of doubt, is that Russia is an example of a dictatorship over the proletariat.

There is no doubt that Russia is a very highly centralised organisation, over which

the individual Russian has no control of any kind whatever. He does what he is told; he works as long as he is told; and he eats what he is given. I think in fairness I ought to say that almost all people who have been to Russia unite in agreeing as to the extraordinarily enthusiastic spirit, which is present in the average Russian worker. Whether he really sees something outside this particular place to which he is going, or whether he is hypnotised by an idea—and the Russian is a highly emotional, easily hypnotisable individual—I do not presume to say. All I can say is that there is undoubtedly great enthusiasm amongst the average Russian for the state of affairs, which exists.

Now, one thing is very clear about Russia. I am not in business as a prophet, but I will venture on a prophecy about Russia. It is a country, which is being rapidly brought up, or an attempt is being made to rapidly bring it up to the industrial level of Western Europe. It was a great deal behind that, and an endeavour is being made to bring it up, by the method of gigantic centrally administered industries, on a scale which the world has never seen anywhere else.

A great many things have been achieved in Russia in the past ten years or so, but they have all been in the form which might be called building factories. The results have all been achieved by obtaining good engineers, chiefly from America, though to some extent from Britain and Germany, to put up enormous plants. Those plants are, in many ways, bigger than any which exist even in the United States of America, where the management of the very big concerns is beginning to be a very great problem, as we can all learn by reading our newspapers. There they have the advantage of a skilled population and probably the highest class of administrators that you could get anywhere; yet they do not find it a particularly easy task.

But in Russia there is a very much larger set of industries, with a population which is completely untrained, and with no class of traditional administrators, business managers, engineers, organisers, and so forth; so I believe we shall see in Russia a most colossal breakdown as a result of an attempt to run industries on a scale which is completely outside the capacity of the country. However, that may be, what has to be remembered about Russia is that her problem is one of production and not of consumption, and when you hear stories about there being no unemployment in Russia, and other suggestions that the problems with which we have to wrestle have been solved, you must remember that they are not within 25 years of the stage which we have already reached. In my opinion, they will have great difficulty, by the methods, which they are pursuing, in reaching our stage of production. Our problem, as my Chairman so lucidly said, is the problem of piles of production on one side, with consumers on the other, unable to get at the production which is waiting for them. Russia's problem is one of producing, and not of distributing.

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# THE MONOPOLISTIC IDEA

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There is another form of centralised monopoly, though it is very different from the rationalised form. The third form in the world at the present time is Fascism in Italy, where it has reached its highest point so far. Fascism is really a mixture of the old so-called capitalism with what was called Guild Socialism, and there is no doubt at all that it has restricted both the freedom of the manufacturer and the freedom of the worker. Very useful things have been achieved in Italy during the past 10 or 12 years. Those of us—and I am one of them—who do not like the form that society is taking in Italy—and, in fact, actually dislike it—I think must admit that a great deal of most admirable work has been done under the Fascist regime in Italy. What we can see quite plainly is that, having done such good work, it is in the position of having to find more and more and more work; otherwise the system breaks down of its own weight. These systems always require some kind of a war—either an economic war or a war against disease, if you like—to keep them going, and Italy, having brought her affairs up to a fairly high standard of efficiency, is undoubtedly in a difficulty to find what she is going to do next.

It is very often thought that the issue in the world—or, at any rate, in the industrial and economic world, at the present time, is that between something called capitalism, and, let us say, socialism. The first thing about which to be clear in your minds is that there is an actual revolution from anything that could be recognised as the old form of capitalism going on under your notice. The sort of thing that would have been recognised as capitalism even 25 years ago is practically dead. It has been superseded by other things under different names, but all, in my opinion, actuated by the desire to establish effective monopolies. The great monopoly, which gives the power to monopolise other things, is what we call the monopoly of credit. I want to give you a very short idea as to what is actually meant by that, as to how it came about, and as to what may be the outcome of the existing position in regard to it.

In the first place, what is it? Credit, of course, comes from the Latin word *credo* (I believe), and one of the best definitions which exists of "credit" is contained in the words of St. Paul: "Credit or faith is the substance of things hoped for, the evidence of things not seen." Money is a credit instrument. Just compare that with the definition I have given. There is a curious faculty in the human make-up—the make-up of the cosmos if you like—which enables it to project forward its ideas, and then to fill those ideas with solid fact.

When your great Sydney Bridge was built, first someone conceived an idea that there should be a bridge across the harbour. Then someone had an idea as to what sort of bridge it might be. They put the bridge

on paper; they altered it a little; they calculated it, and so forth, and eventually the idea became a bridge. Behind that conception was the belief that it could be done. No one would have gone forward from that idea, but for the perception of the truth that this curious system of ours, which we call the financial system, is the embodiment, or, if you like to put it that way, the debasement, of that peculiar faith—the faith that things will be done.

For instance, when I come to you and offer you a £1 note you will have faith in that £1 note; you have faith that something will be given to you in exchange for it if you want that something. That is why you accept the £1 note, and that is why this question of money is wrapped up with something, which at first sight does not seem to have anything to do with it at all; and that something is this thing credit.

What is credit, and why is credit so important in the modern world? Let me give you an illustration. Suppose I go to the railway station, and want to travel from here to Sydney; the first thing I have to do in order to make the journey is to get a ticket. When I get that ticket I do so in a state of faith that without a ticket I shall be unable to travel to Sydney. I take the ticket as a sort of definite concrete evidence that the means of travel to Sydney by rail exist; and it is quite obvious that if I begin to associate the idea of travel to Sydney by rail as being indissolubly or inseparably connected up with the idea of getting a ticket the ticket will very soon begin to appear to me to be the most important part of the railway. I do not have to know how the locomotive works; I do not have to know how the tracks are laid; I do not have to know how the signals are run, or anything of the sort. But I know that if I have a ticket I can travel on the railways to Sydney. So I have the idea of the ticket and nothing else.

Now there is no difference whatever between that railway ticket and a £1 note, except that the railway ticket is what we call an effective demand for a railway journey, or a faith demand, and the £1 note is a faith demand for anything that can be bought for £1; and so hypnotised have we become by this system that we have begun to believe that the £1 note and the ticket are more important than the railway journey or the thing that we purchase.

Now let us see what an enormous power is involved in this power to issue or not issue a ticket. Imagine for a moment the extraordinary state of mind which takes place, and let us suppose that there is a legitimate reason for it, when large numbers of the population are told that they must starve or cannot have necessary things because unfortunately there are not enough tickets; or they are told, "It is an unfortunate thing that you cannot make this journey, because unfortunately there are not enough tickets." Now if you are on a railway journey, you know that it is part of the business or functions of the railway—of the traffic department of the railways—to deal with the tickets, to make provision for the issue of the tickets.

But let us consider the position in the

world at large in regard to this more generalised thing that we call money. All of you probably have a hazy sort of idea that when you grow an acre of wheat you grow or create the money wherewith to buy that wheat. Of course, you are always being told that you are wealth-producers, but you do not find that the theory has worked out too well in practice after you have grown that acre of wheat. You may be wealth-producers, but you begin to realise that £1 notes do not really grow at the roots of the wheat in the field.

The fact must be realised that the wealth of the world is really produced by production; the tickets, which are the effective demand for that wealth, are produced by the financial system; and the two things are not necessarily connected at all. You can grow wheat until your barns are filled to bursting point, and you can manufacture motor cars until your roads are black with them; and yet you will not increase by one penny so far as those processes are concerned, the amount of purchasing power in the world.

I want to point out to you how it comes about that the ticket system has become separated from the production system or the transportation system. Just imagine what you would say, what you would think, if you were called upon to build a railway, if you had to provide all the work and all the material, and then somebody set out in the principal towns to establish a ticket office from which to issue the tickets for that railway as a monopoly. Yet that is the sort of thing that is happening in the world at the present time.

I want to show you what has taken place, how that state of affairs has come about, because I think it is explanatory of the present position. If we go back to the beginnings of the money system, the recorded beginnings that are well authenticated, we find that wealth was represented by cattle. The owner of the cattle, of course, very often bartered some of his cattle for grain in order to feed the rest of his cattle. The man who grew or sold the grain was an itinerant vendor who moved about, and he got into the habit of taking from the owner of the cattle a round disc of leather, and sometimes that disc bore the imprint of a rude image of a cow's head, and sometimes it did not. We have a reminder of that fact in the words that we use at the present time. We talk about a money transaction as being a pecuniary transaction, and the word "pecuniary" comes from the Latin "pecu," which means cattle.

Now when this state of affairs was in existence there was also one very extraordinary fact—the owner of the cattle, the owner of the wealth, and the owner of the money, the owner of the leather discs, comprised really one and the same person. So there you had the production system and the money system concentrated under the one control, in the one set of hands. Obviously a system like that could not be expected to work for very long. Some bright gentleman no doubt got the idea of punching out a few additional bits of leather, and that was really the first form of inflation.

Now I would like you to follow me in a jump over a long span of years to the



# THE MONOPOLISTIC IDEA

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middle ages. In the middle ages the goldsmiths were the world's bankers; the goldsmiths were primarily and originally artisans in precious metals, and because of that fact no doubt they had the best strongrooms in those days. As a result of that fact it came to be the habit of the Feudal nobles of the middle ages to leave their gold plate and other movable and portable valuables with the goldsmiths for safe keeping. The goldsmiths in turn gave the owner of the plate or valuables an ordinary receipt, which in those days was written on parchment, because parchment was fairly enduring. The goldsmith would sign that receipt in the same way as anyone would sign a receipt at the present time.

As these signed receipts came more and more into use they really became the lineal ancestors of our modern bank notes, because people began to use those receipts for paying for other things without bothering to draw out the plate and valuables to which the receipts referred. So that if a man bought a piece of land in those days he would very often pay for that land by means of one of these goldsmith's receipts, and the seller of that land would not bother to draw out the gold plate to which the receipt referred, but in turn would exchange the receipt with someone else for something that he required. So it will be seen that these receipts really constituted the first bank notes.

There is something else to be emphasised here, and that is that at this point a very important thing took place. When this money or when these receipts began to pass from hand to hand they were issued, and their validity was accepted, not so much on the basis of the name of the man who had actually deposited the gold plate with the goldsmith, but on the basis of the signature of the goldsmith who actually issued the receipt. It was the fact that the goldsmith was known to be a reputable person, which really made these notes or receipts acceptable. So that at that stage you get a very significant change, which took place, a transfer from the producer of the wealth to the custodian of the wealth, of this power of issuing something, which would be accepted.

Then there was a third and final transfer, which was consummated at the time of the outbreak of the Great War in 1914. It was the conventional belief before that time that there was one piece of gold in a bank to represent every pound deposited, drawable either by cheque or in some other way; it was a conventional belief that if you had £100 in the bank you could go to the bank and demand 100 sovereigns. And, of course, you could do so as long as everybody did not go along and make the same sort of claim at the same time.

But the position arose in August, 1914, in Great Britain that everybody conceived the wild idea of doing that at once, and practically everybody attempted to do it, with the result that within a very short time every bank in Great Britain, including the Bank of England, was bankrupt. The banks were completely unable to meet their

liabilities on the terms under which they had contracted to do so—in gold. There were, I think, nine hundred millions of deposits in the Joint Stock Banks in 1914, at the beginning of August 1914. Practically all the gold was drawn out of the Joint Stock Banks, and I am informed that the gold at the Bank of England was reduced to something like ten millions—a very small amount for the Bank of England. There were six hundred millions of deposits still undrawn, or being drawn at a very rapid rate, when that gold was exhausted.

As you will probably remember, a moratorium was declared—that is to say, all debts were held up for three or four days, all the banks were closed, and so forth. Then the banks reopened with a nice stock of clean white little notes, which said, "I promise to pay the bearer £1 on demand." If you had taken one of those little notes to the Bank of England they would have taken it and given you another little note exactly like it, saying "Here is your £1." worked perfectly, and everyone was happy. People took the notes, and business was carried on in exactly the same way.

I want you to notice what these £1 notes represented. They were issued by the Treasury, although, unfortunately, they were issued through the banks, which gave the banks control over them. But those £1 notes received their value not because of anything deposited in the banks, because all the deposits in the banks had been drawn out; they received their value because they rested on the general credit of the country. That was the first stage.

What do we mean by the general credit of the country in this connection, and what is its important factor? The general credit, the real credit of the country, I think is correctly defined as being the ability to produce and deliver goods and service as, when and where required. It is quite obvious that these little bits of paper on which we place so much store, are of no importance whatever if no one will deliver something in exchange for them. It is the fact that they are accepted as what we call effective demand for goods, which makes them important.

This credit and this power of issuing money have become, through the process I have explained to you, a monopoly, and that monopoly remains. It is quite obvious that such monopoly achieves enormous power by restricting its output, as you might say. If everybody has enough money, money becomes less important in proportion to the amount of money you have. If you do not know from where your next meal is coming, and you cannot get your next meal without money, money looms before you as the one essential of your life; but if you have a reasonable income it does not loom quite so large; you are not quite as much worried as to whether something costs you 6d. or 7d.

Therefore, it is in the very nature of monopolies of all kinds—and I say this after great consideration and as being a very important thing to consider—that they shall restrict their output, so that you shall desire it, to make it have a scarcity value. I do not believe it is conceivable, or in the

nature of monopolies, for a monopoly to supply the world to the extent either that the world is capable of producing a commodity, or is really desiring it. That is one of the strongest objections to monopolies. You will notice in the world at the present time that restrictions of all kinds are increasing—restrictions on the growth of wheat, possibly restrictions on the shipment of wool, I do not know, but there are restrictions of this, that and the other kind, restrictions on entering this country or that country, restrictions on taking this thing into one country or taking something out of another country. All of these restrictions are part and parcel of this policy of growing monopolies of various kinds.

Now, what does this credit really rest upon? This is a very important matter, because it has to do with who is the real owner of the money, which represents the effect demand tickets. I pointed out to you in the beginning of this explanation that originally money started with the owners of wealth. Of course, it is the orthodox Labour argument that labour produces all wealth. If that were true it would be perfectly right and proper in my opinion to say that all money belonged to labour, but I am afraid it is not true. That is not the case. The case is much better than that, even from the point of view of labour.

The great factor in production under our modern system is the labour supplied by the sun. By that I mean waterpower, oil-power, coal-power, power through the agency of electricity, and so forth. Production today is almost entirely a question of power. When labour supplied the whole of the power by muscular effort and so forth, I think it would have been a fair and equitable thing to say that labour produced all wealth either by hand or brain. But we of the Western world are the inheritors of a magnificent culture which we ourselves did not produce, but which largely was handed down to us from previous inventors, engineers, organisers and so on. We are merely the administrators of that cultural inheritance, and to that extent that cultural inheritance is the property of all of us, without exception.

You must remember that your best engineers, organisers and administrators definitely have been trained to put the world into a state of unemployment for the past 150 years. That is what they have been trying to do. When you have, achieved that thing you do not know what to do with it. But what you have to do is the simplest thing in the world. You have to represent this real credit, this capacity to produce enormous quantities of wealth, by financial credit in the form of money-tickets. It is a technical matter into which I am not going tonight, but you have to recognise that the ownership of that part of the ticket which represents the cultural inheritance is one in which we are all joint owners.

I believe that not only from the common-sense point of view of making the machine work, but from the ethical point of view and from every other point of view you can

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# REALISTIC CONSTITUTIONALISM

Extracts from an address to the Constitutional Research Association at Mayfair (England), May 8, 1947.

The justification, if any, which I should advance for my temerity in addressing an audience of such wide and distinguished qualifications both in Statesmanship and Law, is that I am concerned with what appears to be a somewhat neglected point of view—objective reality. I do not think we realise the extent to which Absolute Idealism, to use its technical name, has tintured thinking on this subject—that nothing exists outside the mind of the beholder and that, for instance, totalitarianism. Government only requires mass propaganda to be just as good and much easier, than any other variety. Put quite shortly, my main thesis is that this is not true; that the rules of the Universe transcend human thinking, and cannot, in the ordinary sense of the words, be altered, and therefore must be ascertained and obeyed. In this sense Constitutionalism is an extension of the very comprehensive subject we call Social Credit . . .

As I hope to suggest to you, the conception of writing a new Constitution for this country is inherently misleading, if anyone entertains it; we grew a Constitution, and our business is to free it from the weeds, which are choking it, and to restore its power and effectiveness.

There are many evidences that for some rather obscure reason, the British people are the object of an attack not merely of a military and economic nature, but directed even more against their culture, which is to be broken down and obliterated by cross-breeding with inferior stock, as well as by subversive propaganda. Professor Karl Pearson's assistant, Miss Elderton, in "The relative strength of Nature and Nurture," states, "Heredity is four times as potent as environment." It is an established fact that the general level of intelligence in this country is declining, and is lowest in those strata of society, which produce large families, have probably the largest admixture of alien stock, and have predominant voting power under present conditions. Yet the claims of heredity were never so derided, whether under the cloak of "racism" or class privilege, and we have Professor Laski as authority for the statement that the supremacy of Parliament (by which he means the House of Commons elected by a majority of declining intelligences) is the core of the British Constitution. Professor Laski joins his opinions of the British Constitution to statements that Christianity has failed and that Russia is the hope of the world, and I think we ought to be grateful to him, because his statements confirm what in a most practical sense I believe to be true; that the crisis through which we are passing is a war against practical Christianity, which has a real bearing on Constitutionalism. A Constitution is either an organism or an organisation. All organisation is what used to be called magic, and a good deal of it is black magic—the manipulation of metaphysical forces for questionable materialistic purposes. We all know what happens if you put copper wires

into a wrong relationship with a powerful electric current, and there is ample evidence to show that our ignorance or disdain of everything but materialism is causing a spiritual "short-circuit". The real British Constitution—not Professor Laski's—is an organism. The Russian Constitution—attributed to the Fabian Society and Mr. Sydney Webb—is an organisation.

I want to put to you that this obsession with pure materialism—a special kind of monotheism—can be identified with both Professor Laski's idea of the British Constitution, as a mon-archy, a unitary sovereignty, the drive towards industrial and financial monopoly, and the World State propaganda. It is tempting to digress at this point upon the economic frustration which confronts us at a time when the apparent mastery of man over nature has reached the highest point in modern history, but to keep my subject within bounds, I should like merely to emphasise that Constitutionalism and economics are, or ought to be, only related in the same way that the coal under the boiler is related to the policy of the factory which is driven by the coal. When the coal becomes a dominant issue, instead of a mere incident to the policy of the factory and what the factory makes, there is something wrong besides lack of coal.

Whatever may be the case at the moment, in the centuries of greatness and prosperity associated with our history, these islands never were a mon-archy. In some form or other sovereignty in the British Isles for the last two thousand years has been Trinitarian.

Whether we look on this trinitarianism under the names of King, Lords and Commons or as Policy, Sanctions and Administration, the Trinity-in-Unity has existed, and our national success has been greatest when the balance (never perfect) has been approached . . .

Speaking, not of course as a lawyer, but as a student of history and organisation, it is my opinion that the restoration of the supremacy of Common Law, the removal of encroachments upon it, and the establishment of the principle that legislation by the House of Commons impinging upon it is *ultra vires*, is an urgent necessity. The locus of sovereignty over Common Law is not in the electorate, because Common Law did not derive from the electorate, and indeed antedated any electorate in the modern sense. In the main, it derived from the Mediaeval Church, perhaps not directly, but from the climate of opinion, which the Church disseminated.

There is, of course, nothing very novel in what I am saying; much of it is in Magna Charta, which is not so widely read as it should be, and I am not sure that it cannot be found in an older document, the Athanasian Creed—a far more profound political document than is commonly realised . . .

The main point to be observed is that to be successful, Constitutionalism must be organic; it must have a relation to the nature of the Universe. That is my under-

standing of "Thy Kingdom come on earth, as it is in Heaven." When England had a genuine Trinitarian Constitution, with three inter-related and inter-acting loci of sovereignty, the King, the Lords Spiritual and Temporal, and the Commons, these ideas were instinctive and those were the days of Merrie England. Since the Whig Revolutions of 1644 and 1688, and the foundation of the Bank of England under characteristically false auspices in 1694, the Constitution has been insidiously sapped by the Dark Forces, which knew its strength, and the obstacle, which it offered to treachery. We now have only the mere shell of the Constitution, Single Chamber Government dominated by Cartels and Trades Unions, (Mond-Turnerism), based on unitary sovereignty, to which the next step is the secular materialistic totalitarian State, the final embodiment of power without responsibility . . .

It is necessary to provide individuals, as individuals, not collectively, with much more opportunity to judge political matters by results, and to be able to reject, individually and not collectively, policies they do not like, which involves a large measure of power to contract-out. Common Law is something which, if it changes at all, ought to change very slowly indeed, and the greatest difficulty should be placed in the path of an attack upon it, both by insisting on its supremacy over House of Commons enactment, and by making it subject only to something at least as arduous as an Amendment to the United States Constitution. It appears to me that a properly empowered and constituted House of Lords, Spiritual and Temporal, is the natural guardian of Common Law, as the Barons demonstrated at Runnymede.

The essential soul of a nation is in its character, its culture and tradition. The King is the natural embodiment of Honours and Sanctions—of Culture and Tradition and, as such, is naturally the Supreme Commander of the Armed Forces. So that our problem seems to resolve itself into a real understanding and restoration of the functions we have allowed to decay . . .

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## LIBERATING REALITY

To say that Social Credit is the only policy which offers any hope of a distracted world would savour of quackery unless accompanied by a definition which is not delimited by a plan, financial or otherwise. The very essence of a plan is that it is static, not organic; and the very essence of the necessity under which we labour is that we have to recognise that life is organic, not static. The conception of Social Credit which first has to be established, so that the error of a static conception shall not stultify tactical plans, is that we must aim at liberating reality; and to liberate anything you must first be able to recognise it.

—"The Situation And The Outlook".

## The Monopolistic Idea

(Continued from page 9)

conceive, the time is ripe, is overripe, for the issue of a national dividend in some form or other.

You are going to be faced, if you allow your best brains free play, if you like to put it that way, with a rapidly increasing problem of so-called unemployment, and that problem of so-called unemployment is simply the stopping of the work of those people who are not required. Are we, as a world of presumably sane people, going to say that because we no longer require the work of these people, and yet can make all the goods that they require, we are going to prevent them from having the goods? The thing is insane. But the situation has an even more tragic aspect—that is, that this determination to recruit the employment of the whole population as being a permanent and inevitable accompaniment of any economic system which will be tolerated, means that as soon as you possibly can use in any modern country all that the whole population with modern machines can produce, you must strive for export markets. That is a perfectly straightforward proposition for two or three countries in a world of 40 or 50 countries, to strive for export markets, but when the whole 50 countries are striving for export markets, then, short of exporting to Mars, there is no solution of that particular problem. The result of that struggle to capture export markets and to maintain the technique of the present obsolete system is inevitably war.

That is the danger with which you are faced—possibly the imminent danger—so that if I have made my point clear there is no subject in the world at the present time of such vital concern to every man, and particularly to every woman who has children, or hopes to have children, than this problem of credit. I repeat that the problem of credits must be solved, and that increased purchasing power in the form of a national dividend should be given every person. A national dividend is justified economically, by the increased power of production, and morally by the fact that this increased production is not due to any section of the community—neither the labourer, scientist or capitalist, but to all.

The world will have plenty of problems to solve after this problem has been solved, as it can be, but I assure you there will be very few people left in this world to solve any problem, if you do not solve this particular problem very soon.

### BASIC PROPOSITIONS

Since the pedigree of a policy is derived from a philosophy, it may be helpful to recall two propositions which, if not comprehensive, are essential to any Social Credit philosophy: The first is that it is essential that the group shall have no conscriptive power over the individual; i.e., the individual must have the power to contract-out of any group. The second is that maximum decentralisation of initiative is in the interests of human welfare.

—“Social Credit in Alberta (1948)”

## Work and Play

Still another significant feature of the inadequacy of the economic structure is the increase of voluntary unpaid effort and the large amount of energy devoted to games. There is absolutely no concrete difference between work and play unless it be in favour of the former—no one would contend that it is inherently more interesting or pleasurable to endeavour to place a small ball in an inadequate hole with inappropriate instruments, than to assist in the construction of a Quebec Bridge or the harnessing of Niagara. But for one object men will travel long distances at their own expense, while for the other they require payment and considerable incentive to remain at work.

The whole difference is, of course, psychological; in the one case there is absolute freedom of choice, not of conditions, but as to whether those conditions are acceptable; there is some voice in control, and there is an avoidance of monotony by the comparatively short period of the game, followed by occupation of an entirely different order. But the efficiency of the performance as compared with the efficiency of the average factory worker is simply incomparable—any factory that could induce for six months the united and enthusiastic concentration of, say, an amateur football team would produce quite astonishing results. —“Economic Democracy”.

## The Policy of a Religion

The objective I have in mind . . . is to establish the fact that the Protocols are a Book of the Bible of Anti-Christ, and that its policy, Communism and Socialism, which can be easily linked with Frederick of Prussia as their first prominent and identifiable exponent, are essentially the policy of a religion, of which the energising factor is physical force and the fear of it. And the policy of that religion is plainly labelled in the names Communism and Socialism—it is the treatment of men as a collectivity. The civilisation which results from that policy is exemplified in Russia and in that to which we are fast moving in this country, the Police State, with its “direction” of “labour” (notice the collectivity). Its essential characteristics are fear and violence—cf. the Protocols. The civilisation of Christianity was incompletely embodied in the culture of mediaeval Europe, and is exemplified in Magna Carta. Its essential characteristic is courage, allied to “love”, cf. “Perfect love casteth out fear” (a rather unsatisfactory translation). The knight of chivalry, the militant Christian ideal, watched his armour alone in the chapel through the night, and then went out to do battle alone for love against fear and oppression—a very complete allegory. The “mass” is unsavable, just as a mob is insane (“without health”); the object of Anti-Christ is to keep mankind in ever larger mobs, thus defeating the object of Christ, to permit the emergence of self-governing, self-conscious individuals, exercising free will, and choosing good because it is good. The energising factor is attraction, inducement.

—“The Realistic Position of The Church of England” (1948)

## AUGUSTUS JOHN'S TRIBUTE

“A. R. Orage was a friend of mine. The literary generation of his time owes much to Orage. Under his editorship the New Age became the best and liveliest weekly. After a period given to the exposition of Guild Socialism, Orage fell under the spell of Social Credit as expounded by Major C. H. Douglas. I painted the Major and was impressed by his personal dignity and charm. Unmoved by obloquy or boycott he stands apart, urbane and imperturbable...” —Augustus John, R.A., the famous British painter, in his autobiography, “Chiaroscuro: Fragments of Biography”.

## Systems Were Made For Men

It is suggested that the primary requisite is to obtain in the re-adjustment of the economic and political structure such control of initiative that by its exercise every individual can avail himself of the benefits of science and mechanism; that by their aid he is placed in such a position of advantage, that in common with his fellows he can choose, with increasing freedom and complete independence, whether he will or will not assist in any project which may be placed before him.

The basis of independence of this character is most definitely economic; it is simply hypocrisy, conscious or unconscious, to discuss freedom of any description which does not secure to the individual, that in common with his fellows he can choose, with increasing freedom and complete independence, whether he will or will not assist in any project which may be placed before him.

The basis of independence of this character is most definitely economic; it is simply hypocrisy, conscious or unconscious, to discuss freedom of any description which does not secure to the individual, that in return for effort exercised as a right, not as a concession, an average economic equivalent of the effort shall be forthcoming. It seems clear that only by recognition of this necessity can the foundations of society be so laid that no superstructure built upon them can fail, as the superstructure of capitalistic society is most unquestionably failing, because the pediments, which should sustain it, are honeycombed with decay. Systems were made for men, and not men for systems, and the interest of man, which is self-development, is above all systems, whether theological, political or economic. Accepting this statement as a basis of constructive effort, it seems clear that all forms, whether of government, industry or society must exist contingently to the furtherance of the principles contained in it. If a State system can be shown to be inimical to them—it must go; if social customs hamper their continuous expansion—they must be modified; if unbridled industrialism checks their growth, then industrialism must be reined in. That is to say, we must build up from the individual, not down from the State. —“Economic Democracy”.

“New Times,” October 17, 1952—Page 11.

## Realistic Education

During the Middle Ages, in which the common life of these islands, bearing in mind the state of the industrial and domestic arts, was probably higher than it has been before or since, the child of well-established (not necessarily rich) parents, spent his early years, after infancy, in the household of a great lord as a page. He was reasonably disciplined in behaviour, mixed with other pages and all social classes, and learnt to be useful, while observing the ways and success or otherwise of his elders. Later, he travelled, or went to the foreign wars (not a very dangerous field sport in those days), AND THEN, if the urge was with him, visited the Universities and imbibed what he could from books.

Notice the complete inversion of principle to which we have been led.

Instead of, as in the Middle Ages, applying the experience of the present to a consideration and criticism of the RECORDS (not the facts) of the past, we make the RECORDS (not the facts) of both the present and the past a standard against which to assess experience undergone with "blunted and stunted" faculties.

Could any more Satanic method be devised of hindering the human individual from profiting by experience than to ensure that he is incapable of applying any unwarped intelligence to it?.....

The effect of so-called universal education is to condition the average mind for the reception and retention in the face of reason and experience, of any myth, which seems to connect with some cliché absorbed before leaving school.

I am satisfied that nothing will right this situation but a complete reversion, under modern conditions, to the earlier SEQUENCE.

After a lengthy, but not isolated childhood, the simple elements mentioned by Mr. Sorabji, of reading, writing and the simplest arithmetic (can anything be more idiotic than to teach the average child the extraction of cube roots?) and an "au pair" system, or its school equivalent, should be arranged which would diversify social experience at a fairly early age, to be followed by short hours in economic life of some description. At about the beginning of the twenties, work overseas should be undertaken, and, three or four years afterwards, entrance to a University should be encouraged.

The inculcation of social or industrial theories at an early age should be discouraged by every means available.

—"Programme For The Third World War".

## QUALITY BEFORE QUANTITY

The most irresistible social force is Integrity . . . Integrity is single-mindedness—the mind of a little child. It is the test of quality before quantity. If success is to attend the efforts of monetary reformers, inter alia, it will not be because of numbers. It will be because of a sufficient quality of Integrity. —"The Big Idea" (1942)

Page 12—"New Times," October 17, 1952.

## War and Revolution

Modern war is only possible from the existence of a huge machine capable of overriding personal opinion, backed by an equally capable organisation for misdirecting and perverting it. Even by 1918, when half the world had sustained injuries at the other half, it required the most elaborately organised "hate" campaign that the world has ever known to carry public opinion in support of the measures deemed requisite by the omnibus term "military necessity". Nor is it fair to say that the average man in the street is such a natural born fool that after four and a half years of a war in which, as an individual, he was killed, maimed, broken in health and home, ruined financially, and—as very bankers like Lord Inchcape never tire of telling us—impoverished nationally, although a "winner", he requires safeguarding from a far worse war because of a widespread desire to repeat these experiences. Not a bit of it. There is a growing tendency to ACQUIESCE in the inevitability of another war, because along with war came certain phenomena which can be collected under the term of economic prosperity. Close reasoning not being a conspicuous attribute of the man in the street, he assumes that peace and economic depression are necessarily inseparable.

Since Social Revolution indisputably has an economic basis, it is clear, then, that these three phenomena—War, Industrial Depression, and Social Revolution—are closely inter-connected. The most cursory examination of History will supply the necessary confirmation—every modern war has been preceded and followed by economic prosperity, and has been accompanied by economic depression, and the majority have involved attempts at Social Revolution.

—"The World After Washington" (1921).

## THE REAL OBJECTIVE OF THE SECOND WORLD WAR

It is, therefore, I think, quite possible to state the real as distinct from the proximate objectives of the present war.

They are:

(1) The establishment of the International Police State on the Russian model, beginning with Great Britain.

"Can be finally rid Europe of barriers of caste and creed and prejudice? . . . Our new civilisation must be built through a world at war. But our new civilisation will be built just the same."—Mr. Anthony Eden, Broadcast to America, 11th September 1939.

This contemplates the complete abolition of civil rights.

(2) The restoration of the Gold Standard and the Debt System.

(3) The elimination of Great Britain in the cultural sense, and the substitution of Jewish-American ideals.

(4) The establishment of the Zionist State in Palestine as a geographical centre of World Control, with New York as the centre of World Financial Control.

—From article entitled "The Mark of The Beast" (1939).

## MAGNA CARTA

It should be noticed that three partial sovereignties were present on that little island of Runnymede on a June morning in A.D. 1215, and it is important that Magna Carta strengthens and confirms all of them—the Church, the King, and a much more real democracy than anything we have nowadays. It is patently false to suggest that the barons acted only for the nobility. They were the spearhead; but the preamble to the document states that it is framed by the advice of the Archbishops of Canterbury and Dublin, *inter alia*.

The contrast in the spirit of the law with that of current legislation is fundamental. The over-riding intention is to establish every man, of whatever degree, in his rights, not to take them away. Clause 69 states that "All the aforesaid custom, privileges and liberties . . . as much as it belongs to us towards our people, all our subjects, as well as clergy as laity shall observe as far as they are concerned towards their dependents".

The entire document may be searched without success in identifying a portion of the population which does not matter a tinker's cuss; the names of spivs and drones are happily omitted; and even the Jews, while mentioned without enthusiasm, are by implication confirmed in their rights where they have not encroached upon excess. And it will be noticed that these rights and liberties are not contingent on the success of the export drive.

—"The Realistic Position of The Church of England" (1948).

## International Trade and War

We have already seen that a feature of the industrial economic organisation at present is the illusion of international competition, arising out of the failure of internal effective demand as an instrument by means of which production is distributed. This failure involves the necessity of an increasing export of manufactured goods to undeveloped countries, and this forced export, which is common to all highly developed capitalistic States, has to be paid for almost entirely by the raw material of further exports. Now, it is fairly clear that under a system of centralised control of finance such as that we are now considering, this forced competitive export becomes impossible . . . The increasing use of mechanical appliances, with its capitalisation of overhead charges into prices, renders the distribution of purchasing power, through the medium of wages in particular, more and more ineffective; and as a result individual discontent becomes daily a more formidable menace to the system. It must be evident therefore that an economic system involving forced extrusion of product from the community producing, as an integral component of the machinery for the distribution of purchasing power, is entirely incompatible with an effective League of Nations, because the logical and inevitable end of economic competition is war.

—"Economic Democracy".