DOUGLAS, ORAGE: The First Phase*
A Brief Account of the Social Credit Movement by W. L. Bardsley.

II.
The story of The New Age and its brilliant editor has been told in Mr. Philippe Mairet's memoir "A. R. Orage." At the time of Douglas's first association with it, it was well known for its regular team of first class writers, and for its frequent articles by some of the most talented men of the day. It was the fundamental philosophical idea in Guild Socialism originated by Ramiro de Maeztu—the recognition of function in society as well as the individual—that undoubtedly attracted Douglas, who has never shown any great sympathy for any other aspect of Guild Socialism, which he would naturally regard as a complex system of administration in vacuo.

The Guild Socialists for their part had little sympathy with Social Credit, and naturally resented its impact, for Orage became rapidly converted and carried with him a number of others. The effect on Orage may be gauged from his own subsequent description3 in The New Age, April, 1926, of his meeting with Douglas.

"His knowledge of economics was extraordinary; and from our very 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 master-mind 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 much as at a moment's loss of complete mastery of his subject. Among no matter what experts, he made them look and talk like children...

"He said many things in our first talk that blinded me with light; and thereafter I lost no opportunity of talking with him, listening to him talk, reading new and old works on finance, with all the zest of an enthusiastic pupil. Even with these advantages it was a slowish business; and my reflections on the stupidity of the present day students of Douglas are generously tempered by the recollection of my own. It was a full year from beginning to study his ideas before I arrived at complete understanding. Then all my time and labour were justified."

Orage proceeded to throw all his energies and impressive qualities of mind into a campaign to obtain recognition in responsible quarters for the new economic policy. For it was what Douglas had to say about finance and economics, with their repercussions in politics that gripped Orage. The principles of organisation and the social dynamics, to which the other nine chapters of "Economic Democracy" were devoted, may even have seemed to him the amiable idiosyncracies of the heaven sent genius who had solved, and finally solved, the economic riddle.

From his nature and training this would be a natural reaction. He was immensely widely read in Socialist literature, philosophy, oriental mysticism. He could sympathise with a National Guild colleague's protest that "Douglasism is nothing but ignorance of Socialist literature" even while he knew how pathetically irrelevant such a comment must be.

Whether Orage felt that the "engineer-economist" (as he liked to call him), who had taught him all he needed to know about economics, could not in reason also have much to teach him about philosophy and Social Dynamics, or that in these respects Douglas was too far ahead of his time, or simply that the solution of the economic problem took precedence over all other considerations, the fact is that it was of the economic aspect alone that he wrote and talked in the next three years and this alone which he remembered in his retrospective article six years later.

So great was this preoccupation with the economics of the subject, not only of Orage, but of all that part of his Guild Socialist entourage who became the nucleus of the Social Credit movement, that of all the many books and pamphlets written by propagandists (not by Douglas) during the next ten years, only one4 contained a precis of the non-economic concepts. During this period many Social Crediters discussed with each other what they called the philosophy of Social Credit, but very few set out to impart it to others, except those parts of it which served to assist an understanding of the economic thesis, and fewer still could be

3 "An Editor's Progress" reprinted from The Commonweal, U.S.A.
4 "The Nation's Credit," by C.G.M.
s

d to have mastered it.

There is small reason to doubt that this concentration on the narrow front of an attempt to penetrate directly the defences of the money monopoly was tactically sound. In the first place there was quite widespread conscious dissatisfaction with the working of the money system, and with the apologies of its spokesmen, both bankers and economists. Secondly, the movement was weak numerically, and could therefore only hope to obtain action by direct influence on those who had, or appeared to have powers of action—bankers, economists, big business-men, and members of the Government. Thirdly time was very short.

The last consideration no doubt weighed most strongly with Douglas, who has never failed to follow the changes in the centre of gravity of events. (He has since estimated that 1926 was about the last year in which intervention could have arrested the momentum towards a general disintegration of the present civilisation). While at that time he was not only content for the whole strength of the movement to be concentrated on the economic front, but also himself devoted a great deal of his time to this campaign, he still continued to write books, the greater part of which were concerned with wider issues.

A prospect upon which the movement built a good deal of hope at that period was the Draft Scheme for the Coal Mining Industry, sub-titled "A Practical Scheme for Establishment of Economic and Industrial Democracy". This scheme with a commentary by Orage was submitted to a large number of people who were concerned, in various capacities, with the industry upon which a Royal Commission had just made a report. The miserable results of the work done, giving the names of those who had begun by showing interest in the scheme and subsequently pigeonholed it, were reported "without bitterness" in The New Age in August, 1920, and the scheme itself which had been privately circulated during the campaign, was then published. No effective notice was taken of it at all, at a time when the coal mining industry was in extremis and getting worse.

Meanwhile the writings of Douglas and the weekly comments of Orage were obtaining individual converts to the new ideas, and the Social Credit movement in this country had started. By the end of 1920 it had over thirty groups in various towns, and an experimental monthly house organ Public Welfare edited by Arthur Brenton. In October, 1921, the first Social Credit Conference was held at Jordans. A contemporary account of it shows that it was entirely devoted to a discussion of the economics of Social Credit, on which Douglas was closely questioned.

The years 1921 and 1922 were notable for a number of published criticisms of the Douglas economic analysis and proposals. Since one of the results claimed for the proposals is the abolition of poverty and the evils resulting from poverty, it is of particular interest that most of these attacks came from Socialist or Communist quarters, and that these all appeared during the deliberations of a Labour Party Committee appointed "to enquire into the Douglas Credit Scheme."

The New Statesman, the Socialist Review and the Communist published hostile articles by Messrs. Pethwick Lawrence, J. A. Hobson, and Maurice Dobb respectively, the last named concluding that "Douglasism is a pitiful attempt of the petit-bourgeoisie and the bourgeois serving intelligentsia to save Bourgeois Democracy by fettering the power and depredations of Imperialist Finance Capital"—a judgement the naivety of which was to be exceeded by that of the Labour Party Committee when, after nearly sixteen months, it finally made its report, which refuted the Draft Scheme for the Mining Industry because "it is, fundamentally opposed to the principles for which the Labour party stands."

The movement, of course, threw up opposition; the boycott had barely started, the ideas had had a chance to percolate overseas. In the light of after events perhaps the outstanding occurrence of the year 1922 was the appearance of a sixteen page pamphlet in Canada. It was entitled "United Farmers of Alberta, Bulletin No. 20" and the following passage deserves quotation:

"Members of a group of British financial and commercial experts, who declared in February last that there was no remedy for recurring periods of depression and unemployment, have since unanimously reversed their former views, and now express the opinion that a remedy may be found in certain important adjustments of the financial and credit systems. The proposals they have endorsed were first outlined by Major C. H. Douglas in Canada they have recently been discussed at the Ottawa Rotary Club, and in the columns of the Ottawa Citizen and in the Grain Growers' Guide by Mr. Chas. A. Bowman (editor of the Ottawa Citizen).

Unfortunately the movement was immediately to suffer a severe and discouraging blow. After three years of unremitting work, Orage cracked under the strain of advocating what he knew to be the complete solution of the economic dilemma and finding so little response. He threw up his editorship of The New Age, retired to the semimonastic Gurdjieff Institute at Fontainebleau, and was not to return to England for ten years.

As he has left his considered statement of his reason for this in the article "An Editor's Progress" already mentioned, the relevant passage from it forms a fitting conclusion to the story of the first phase of the Social Credit movement.

"My first reaction to the astonishing proposals to 'sell goods under cost'—and not merely as a temporary expedient but permanently and progressively—convinces me, as I look back upon it, of the utter impracticability of the suggestion. Not only its first shock must be fatal in the majority of cases to any further interest in the 'crank' who would propose it; but the time and thought and labour necessary to understand and appreciate it are beyond the command of more than a very few. In short I am as much convinced that the suggestion will never be put into practice, as the result of reason, as I am that reason would, nevertheless, dictate that it should be. The world has not free brain enough to comprehend the simple cure for all its economic ills."

6 The Labour Movement will be active when the New Age scheme lies among the dry bones of discarded creeds, and Douglas joins the shade of Attwood in mournful contemplation of dusty and futile volumes in the catacombs of the British Museum" said Arthur Greenwood in the Labour Magazine in August, 1922.

(continued on foot of page 3)
THE PRINCESS AND THE SWINEHERD

By HANS A NDERSON

Once upon a time there was a prince, but he was a very poor prince. He had only a very small kingdom, just big enough to allow him to marry; and that was just what he intended to do.

It needed a good deal of self-assurance to say to the Emperor's daughter: "Will you be my wife?" But the prince possessed that self-assurance as he came from an illustrious family known throughout the world. Hundreds of princesses would only too gladly have given him their hands in marriage, but this one turned up her nose at him.

Now listen!

On the tomb of the old king there grew a rose-tree unlike anything that had ever been seen; it only flowered once in twelve years. To begin with it bore a single rose, but a rose whose fragrance made you forget all your worries and all your sorrows. Furthermore the prince had a nightingale whose song made you believe that its little throat contained all the most lovely melodies in the world.

The prince decided to give his rose and his nightingale to the princess, so he enclosed them in two large silver cases and sent them to her. The Emperor had them carried in great state to the chamber where the princess and her ladies-in-waiting amused themselves by playing at battledore and shuttlecock (they did nothing else from morning till night). When she saw the two large cases containing the gifts she clapped her hands gaily and exclaimed: "Oh, how I wish it was a little kitten!"

But it was only the wonderful rose that was revealed to her. "How sweetly made!" declared the ladies-in-waiting.

"Oh, how I wish it was a little kitten." But it was only the wonderful rose that she had ever learnt—but to make up for that she was able to play it with only one finger.

"But it is my very own tune," said the princess. "He must be a really well brought-up swine-herd. Listen! Go and ask him the price of his instrument!"

One of the ladies-in-waiting was obliged to enter the pig-sty, but she took care to put on a pair of large clogs first.

"What is the price of your instrument?" she asked.

"Ten kisses from the princess!" answered the swine-herd.

"Good gracious!" cried the lady.

"I cannot let it go for less!" said the swine-herd.

"Well, what did he say?" asked the princess.

"I dare not repeat it," answered the swine-herd.

(To be continued).

Douglas, Orage: The First Phase

simplify, and illustrate the thesis upon which the practical scheme [sic] rests. There was organised a Credit Reform League . . . Major Douglas gave up his profession of engineer . . . We saw everybody we could . . . To say that we had no success would be untrue. The idea is more alive than ever in England at this moment. But for any practical result, search might be made with a microscope without result.

"The conclusion my mind inevitably reached after these experiences was that reform in any drastic sense is impossible. Douglas, to the best of my consideration, has got to the very bottom of economics. There are literally no more insoluble or even doubtful problems in the whole range of economics; and this, needless to say, includes the daughter "science" of politics. Everything is as clear as daylight in the light cast by Douglas's analysis of the nature and role of finance. At the same time, his analysis did not leave the situation hopeless theoretically; it was only hopeless practically. The Douglas positive proposals were as impeccable as his analysis, only they could not be carried into effect owing to the stupidity of the community that needed them. What was I to do? I was again at an impasse. The first arose on account of the combination of interests against us; but this second was worse, since the combination against us was unconscious and irremediable. There was nothing to be done but to die with The New Age or to hand it over to a fresher soul. After fifteen years of editorship I sold out and left England."

(To be continued).
From a friend who has three children billeted on her:—

"The children are not now in rags. The eldest boy was given a suit and a pair of boots from school. Their mother has sent me about 30/- altogether for clothes. I have not spent much actual money on clothes for them, but a great deal of time on alterations and mending. Their parents came yesterday. That meant two meals for thirteen people! The mother receives in all £2/1/0 from the Government. She pays £1 for rent and rates and 9/- back to the Government for the children's keep. That leaves her with 12/- for clothes and food. Of course she can't manage; she couldn't even if she were sensible, but she has bought an electric radio, has a fur coat, gives the children too much pocket-money and has promised the girl a permanent wave when she is fourteen. This means they have to go without necessities. She wept yesterday when the children said they never wanted to go home. Of course they don't. I feel very sorry for her. She adores them, and has brought them up to be kind, obedient and unselfish."

I remember meeting a school mistress who was very indignant about what she called the complete lack of all sense of responsibility among the parents of her children. A "boot fund" was run by the staff. One of their chief difficulties was to get the parents to send the boots back for repairs when necessary. They usually allowed the children to wear them right down to the uppers, until repair was impossible. The boots were ruined and had to be thrown away.

There are lurid pictures of poverty to be found in English literature. Some of the scenes described by Smollett or even by Disraeli could not, I think, be paralleled to-day. But this does not prove, as so many would have us believe, that we have advanced greatly since those times. The degradation to be found in parts of London was frightful in the eighteenth century; but the proportion of comfortably-off people was far greater than it is to-day. Only a very small percentage of the people were dependent on charity, and State assistance was unknown.

During the nineteenth century
poverty spread alarmingly. This is generally said to be due to "industrialism", or "capitalism".

Major Douglas's researches established the fact that it was due to the financing of industry by bank-created overdrafts which have to be repaid with money which should be earmarked to buy goods. The whole population is hopelessly in debt to the banks. The total price of all goods is always greater than the total income of the nation, because industry is always trying to recover the overhead charges.

When we add to this knowledge the almost incredible fact that Government is also in debt to the banks in exactly the same way to the tune of £1,400 million on September 1st last—thought reels at what the debt must be now—we can understand that financial poverty is inevitable under the debt system.

The people who control this system hope to control the world after the war. It is impossible to believe that they do not know what they are doing. The evidence is overwhelming. Their policy is anti-Christian and antidemocratic.

Some people will be shocked when they read this, because they do not understand the significance of the Christian philosophy. It is, therefore, impossible for them to know what is anti-Christian.

The axiomatic statement "the Kingdom of Heaven is within you" may be said to express one aspect of Christian philosophy. The antithesis of this truth is the Judaic conception which looks outside and beyond the individual for the state control to which the individual must submit.

These two philosophies, the Judaic and the Christian, are warring together throughout the world. They have been warring throughout the ages. The enemy is not confined to German militarism.

When English history is rewritten it will be seen that the nineteenth century was an era of the rampant growth of Judaic philosophy.

As we have seen, the working of the financial system, controlled not by the people's parliament, but by a handful of dictators whose names were scarcely known, led to widespread poverty. The population increased rapidly and the proportion of underfed and ill-clothed was greater than it had ever been before.

The well-meaning were distressed by the terrible social problems which appeared around them.

Little did they guess that it was now their turn to be exploited. The nineteenth century saw the firm establishment of those twin scourges of modern life, Organised Charity and State Social Services, paid for by taxation.

Their ostensible object had a fatal fascination for the puritanical mind. It was "Doing Good to Others." Their ulterior object, possibly only known to a few, was the creation of a permanent world of underdogs by means of voluntary and compulsory taxation.

Organised Charity is nothing but voluntary taxation privately organised as a supplement to the compulsory taxation for State Social Services. Its net result is to remove all initiative from the individual by encouraging him to do less and less for himself, so that as time goes on he has practically no control over his own environment.

It needs little imagination to realise the effect this must have on character and morale.

We have now had two generations of organised charity.

These two women now so dramatically brought in contact through the billeting scheme are each the victims of the logical working of the system.

How thin has grown the line between Organised Charity and Compulsion is clearly shewn by the working out of the iniquitous Billeting Act. The compulsion laid on householders to take billettes was so difficult to resist because it was represented as a charity to "save the children." This blinded people to the tyranny that compelled them to keep state boarding-houses at no profit. No problem would have existed if the children's mothers had been able to make their own arrangements.

Why could they not?
First, because they were too poor.
Secondly because many of them were too ignorant.

And they were ignorant, not because a greater proportion of lesser intellects are born to them, but because personal initiative cannot develop without opportunity. Deprive a woman of money; give her "free" doctoring, "free" schooling, "free" milk and meals for her children, send a health visitor to give her "free" advice, (how I hate to use the word "free" in this degraded sense) and she will soon begin to lack self-reliance. Then subject her to all the allures prepared by those who feather their nests out of the instalment system (bankers and insurance companies). Can she resist her fur coat, her electric radio, her frequent visits to the cinema? It would take a mind with more background than this poor mother could ever have acquired to resist a "temptation" ruinous to no one if regarded in the light of national resources.

She gets into debt, the children suffer. And yet "she adores them, and has brought them up to be kind, obedient and unselfish."

Can anyone deny that with the rights which are hers as a citizen she would have been as good a mother as could be desired?

Now her children have been taken from her. They "never want to go home again."

This is the result of Organised Charity and Social Services—the breaking up of home life, the weakening of morale, the spread of ignorance and helplessness. There is another name for it—communism.

"Our kindly sympathy for the underdog is being exploited to secure the creation of a permanent world of under-dogs."

It has been going on for generations now.

To-day, when I opened The Times there was a whole page devoted to voluntary taxation under the heading "Christmas Appeals."

Organised charity shows every sign of breaking up. When it does are we going to submit to a complete extension of State control, so that the middle classes, too, join the world of under-dogs, and we can all be completely equal like a herd of cows under a state cowherd?

One of the most encouraging discoveries of the last three months is that the Anglo-Saxon character has not been ruined by it.

Is there left enough comprehension of the term democracy (and of Christianity) for Englishmen to insist that there is an end put to the debt system, that the State is there to serve us and to distribute dividends for our personal use, so that we may make our own arrangements?

That is the question.

B. M. PALMER.
A Way of Looking at Things

"Christianity, Democracy, and Social Credit have all three things in common; they are all said to have failed, none of them is in the nature of a Plan; and every effort of the most powerfully organised forces in the world is directed to the end, not only that they shall never be accepted, but that as few persons as possible shall even understand their nature."

—C. H. DOUGLAS.

A plan is something finished and final. It has no life about it. It is an isolated idea, not hitched on, either in front or behind, to the flow, the vital force that we call Life.

A really vital idea, such as Social Credit, is in itself therefore never a scheme, but a way, a channel for life to move in. And ultimately, just a point of view, a manner of looking at things. The difference between a social crediter and another member of the human species is not structural or organic. Social crediters have the ordinary number of limbs and they breathe as other mortals do; but they just have a different way of looking at some things,—for instance, money, unemployment, leisure, and a few others.

It is obvious that a Way of Looking at Things is not a matter for card-indexes and blue prints. Social crediters must make up their minds to doing without such aids. The Pharisees asked Jesus of Nazareth for plans and elevations of his Kingdom of God that he was always talking about, and he told them in the plainest language possible that "no sign would be given them", and continued to define his Kingdom from every conceivable angle; generally as something very small, potent, and pervasive—a grain of this, or a pinch of that. So persistently did he do so that there can be no doubt whatsoever that it was simply a point of view, a way of looking at life that he had in mind.

It may have irritated the Planners of his day. It obviously did, for they killed him. No doubt they said he was a vague and dangerous dreamer. But surely no one, however they may regard the wisdom of the activities of the founder of Christianity, can reasonably accuse him of vague and woolly thinking, or of indulgence in theory without practice.

If ever there was a being on this earth who gives the impression of knowing clearly what he was about and where he intended to get off, it is Jesus of Nazareth. George Washington's early determination to be a teller of the truth is only the faintest reflection of that other concentration and clarity.

At the beginning of a New Year that is likely, as the politicians say, to be momentous, it is wise for social crediters to review their own position and take personal stock.

What have they got? In a sense, everything. The one truth that can get this civilization out of its imminent and immediate danger of collapse, and point it on the practical road towards rehabilitation. That is no less than a fact.

But in another sense, social crediters have almost nothing. No organisation, as such, above all, no plan; no platform; no official recognition. Mr. Keynes can occupy the chief page of The Times with his ingenious devices for tightening up screws that are already screwed home as tightly as they can go. Mr. Herbert Morrison on behalf of Labour can have Broadcasting House to advocate an organisation of Europe on the pattern of a United States that boasts at the present time nine million unemployed. But Social Credit—?

It is true, social crediters possess none of those advantages; but they have one asset that all these other people lack, and that is that what they stand for is something that all men want, and something all men may have. It is really their only asset.

Social Credit represents something in every man's heart—something he wants whether he has put it to himself or not. Just as Christianity promises liberty, so does Social Credit. And the common man wants Liberty. He longs for it far more ardently than he does even for the most cleverly graduated Forced Loan, or an income tax of 7/6 in the pound. —N. F. W.
FEDERATION: A SURVEY

In all known cases of Federation (America, Russia, Canada, Australia, South Africa) the introduction of the Federal System has led to a marked increase in the centralisation of power and an equally marked decrease of individual freedom. The way to ensure increasing personal freedom is not, as Mr. Streit suggests, to universalise Federation (i.e., to create a world government 'backed by overwhelming power') but, on the contrary, to decentralise power (i.e., give power back to the individual.)

In one of H. G. Wells's early tales a vivid description is given of the emotions of a traveller in Time on discovering that 2,000 years or so hence one half of humanity was being reared by the other half expressly for food.

The position of the individual American to-day reminds one faintly of this situation, in spite of the elaboration of his "culture" and the potentially immense economic wealth with which his country is provided. Everywhere immense centralisation of power has led to the exploitation of the individual by the institution so that one is almost tempted to think that the individual is kept merely for the purpose of being a good investment for the few people in control of the trusts. In which case "Federation" would merely be the means of keeping him in order during the process.

"The object of Union," says Mr. Clarence Streit in his book advocating Federal Union on a far wider scale, "being to advance the freedom and individuality of the individual it can include no thought of standardising or regimenting him, nor admit the kind of centralising that increases governmental power over him. These are the evils of nationalism, and Union would end them."

After a glance at the United States one wonders whether Mr. Streit is consciously or unconsciously talking through his hat?

He praises the clearly formulated constitutions of the early American states to which he refers us. Of the historical fight between the individual states and the central government, which lasted for the better part of a century, he has little to say. Some of the main points, however, will bear recapitulation.

"By the Declaration of Independence in 1776, the thirteen American colonies of Great Britain expressed their action as that of 'these united colonies', but the terms of the declaration implied that each became an independent State . . . The articles of Confederation, adopted in 1781, constituted a legal symbol of union, but the Central Government under these articles had no co-ercive power over the States, and no power whatever capable of exercise directly upon the citizens of the States. The National Constitution framed in 1787 and put into effect in 1789, was intended to remedy this situation by creating a Central Government with large powers not merely upon the States, but directly upon all citizens of the country."

—Encyclopaedia Britannica.

The Federal Government showed from the outset a remarkable talent for organisation, which talent resulted first of all in the setting up of departments for war, foreign relations and finance, and proved eminently capable of tackling the exigencies of the times.

The first test came in 1812 when the Americans challenged the right of the British to impress sailors. The war which cost 100,000,000 dollars and fifty thousand American lives at least proved the efficiency of the Federal War Department. Against heavy odds the Americans held their own: no one came out victorious, but no territory was lost; shortly after the Peace treaty the Bank of America was re-chartered.

The Federal machinery again justified itself in the war with Mexico; at the Peace Treaty (1848) California, Nevada, Arizona and New Mexico fell to the Union.

The final test, of course, came with the Civil War when the Southern States maintained their right to secede from the Union. The war, which cost almost a million lives, and resulted in an enormous increase of the public debt, disposed finally of the right of member states to act independently.

Having weathered this storm the Federal Government thought it expedient to keep a standing army of 50,000 men. Both the American Army and Navy saw active service in the Spanish-American War of 1899 (as a result of which Cuba and the Phillipines became American Protectorates) and in the first Great War (during which these protectorates federalised, and the Danish West Indies were incorporated).

Both Navy and Army have, moreover, been employed with effect in times of peace. The American Men of War have more than once been sent on 'trips of warning' to small South American republics in arrears with their payments to Wall Street bankers ('Dollar Diplomacy') and the army has repeatedly proved useful in suppressing labour troubles on the home front (Daily Telegraph, August 17th, 1939:—TANKS SENT TO PIT STRIKE.)

The price paid for the long and arduous transformation of the thirteen 'united colonies' of Great Britain into the 48 United States of America was the sovereignty of the individual states:

"So far as they influence the organisation of the Government of the Nation they have tended to become merely units for national election purposes. The State has to a large extent lost its political individuality . . . the Civil War settled finally and conclusively that the states are merely units . . . in the formation of a single national organisation.

"States are forbidden without the consent of Congress 'to keep troops or ships of war in time of peace, enter into any agreement or compact with another State or with a foreign power, or engage in war unless actually invaded, . . . they are forbidden to enter into treaties, alliances, and confederations.' These types of limitations upon the States indicate a definite purpose to deprive the the State of any independence . . . . and this purpose is supported by the language making the 'Constitution and the laws of the United States which shall be made in
pursuance thereof, and all treaties made or which shall be made under the authority of the United States the supreme law of the land.”

—Encyclopaedia Britannica.

RULE OF LAW

The British system of government differs from the American chiefly in that:

“A British court must obey the Act of Parliament; the American court is bound to obey the Constitution first, and the Act of Congress or of the State legislature only so far as it is warranted by the Constitution.”

The Constitutionality or otherwise of a measure is decided by the Supreme Court, whose members keep their office ‘during good behaviour’ and are appointed by the President, (who possesses vast powers of veto, appointment and removal of officials).

“The Federal Courts are the principle agents in securing this essential power over individuals... and it is a most important agent in securing the National Government its supremacy over the States.

“The 25th section of the Judiciary Act of 1789 permitted any Supreme Court justice to grant a writ of error to a State court in a case in which the constitutionality of a Federal law or treaty had been denied... It was not until 1816 (in which year the Bank of America was re-chartered) that the Federal Power undertook to exercise this power; it raised a storm of opposition, but it was maintained, and has made the Constitution what it professed to be ‘The Supreme Law of the Land.’”

Thus safeguarded, the

“Constitution has been carried safely through a period which has radically altered every other civilized government.”

The American Constitution professes sharp division between the legislative, executive and judicial powers, but in reality

“there are no clear lines separating one governmental function from another, and the courts have therefore been unable to develop any logical lines of division... the courts frequently say that legislation may not be delegated but the very necessities of modern life* have forced in the United States as in England and on the Continent, the vesting of a large amount of subordinate legislative authority in permanent administrative bodies within the executive department. In order to avoid terming this a delegation the courts have come to designate such powers as ‘quasi-legislative’ rather than legislative. In the same manner, administrative bodies within the executive department have come to exercise powers that are sustained on the ground that they are ‘quasi-judicial’ rather than ‘judicial.’”

The custom of having anonymous administrators make laws and judge cases (which thus appears to be long established in the States) has latterly (c. 1925) been introduced into England and dubbed by the Lord Chief Justice ‘administrative lawlessness.’

A recent example of this method of separating power from responsibility is the appointment by Mr. Roosevelt of a body of law-famers known as his brain-trust. They are mainly responsible for the New Deal. The essentially confiscatory (Socialist) nature of the measures of the Roosevelt plan may perhaps be traced to the fact that a large percentage of the brain-trusters were born in the pre-war Russian Ghetto and carried into the States in infancy. Politically at all events, the British counterpart of this body is the organisation known as P.E.P. (chairman, Moses Israel Sieff; former secretary, Kenneth Lindsay, M.P. is connected with the American financier of Darrington Hall. To the headmaster of Darrington Hall, W. C. Curry, was entrusted the preparation of a Penguin Special on “Federal Union.”

TAXATION

Taxation is the most effective modern method of keeping the individual in subjection. Jacob H. Schiff, for twenty years the head of the well-known firm of Kuhn, Loeb and Company, has called it a “weapon of destruction.”

Before the War of Independence the public debt of the United States was nil; in 1938 it amounted to $432.6 per head of the population. Between 1935 and 1939 it had increased fourfold, and during the Great War of 1913-18 it increased sevenfold—only a slightly smaller increase than in England which had taken part in four years of war instead of one.

In the eighteenth century it was almost impossible to extract taxes from good Americans but this was remedied by a series of wars. Before the war of 1812 Treasurer receipts and expenditure were generally less than $10 millions; between 1812 and the Civil War to the World War in hundreds of millions, and after the war in thousands of millions.

President Wilson was inaugurated as President in March, 1913; on October 3rd he introduced the income tax, and on December 23rd the Federal Reserve Board.

Taxation now amounts to $22.7 per head of the population, compared to $25.8 per head in the United Kingdom: but the National Industrial Conference Board of New York estimates that on an average the Government takes 22.4 per cent. of an American’s income as compared to 21.7 per cent. of a man’s income in Britain.*

So that the individual suffers slightly more restriction of freedom by means of taxes in the United States than in England.

Taken in conjunction with the vast economic riches of America the growing number of unemployed (now at about 10 million) provides a measure of the restriction of liberty imposed through the monetary mechanism, while their regimentation in Civilian Conservation Corps shows the extent to which a (fostered) devotion to the theory that he who does not “work” shall not eat invites “discipline.”

TRUSTS

Along with the steady increase of centralisation of power in the United States there has been a parallel development in the “business” world; business and financial firms combining into larger groups, concentrating the power into few hands. Of this the Encyclopaedia Britannica says:

“In the organisation and conditions of business there could be traced some startling contradictions between the word liberty and the fact. Nominally all kinds of businesses not prohibited by law were open to all comers... In reality by 1908, a considerable number of both

* It is interesting to note that the German Government taxes (in 1938) took an equivalent of $109.7 per head, being 26.2 per cent. of the average income.
employers and employees were engaged in a combat outside the laws, constant and conscienceless... Political organisations were on nearly the same basis as business companies. They also grew bigger and more powerful and gathered into fewer groups. Nominally parties are simply associations of voters for common ends. Actually, they are armies acting under commanding leaders who, in many cases, hold no offices. The Sherman Anti-Trust Act of July 2nd, 1890 declared combinations affecting commerce between the several States or with foreign nations, illegal and punishable by fine or imprisonment or both... the trusts, although embarrassed, soon showed their ability to find other devices to maintain their unified control...

"The steel industry... was united by Pierpoint Morgan into the United States Steel Corporation, with stocks and bonds aggregating $1,400 millions.

"In the field of railway transportation Harriman used the bonds of the Union Pacific to acquire the Southern Pacific with the Central Pacific and by 1906 he was dictator of one third of the total mileage of U.S.A.

"Following a similar tendency the great Wall Street banking houses were dominated by the large financial groups in the interest of speculative undertakings, the directors of banks loaning to themselves, as directors of industrial combinations, the funds which flowed into New York from all the banks of the interior [sic]. By a similar process the great insurance and trust companies of New York became lenders to the same operations. Thus a community of control over the fundamental economic interests of the nation was lodged in a few hands."

GOLD

Mr. Streit suggests that his proposals for the future arrangement of Europe would ensure sufficient stability to "bring back the gold standard", which he evidently counts as the only respectable basis of finance. He does not, of course, speculate about the power over individuals that this gives to the owners of gold, although he mentions the fact that the United States holds over 50 per cent. of the world's gold stock. The grasp of world power gained by U.S. financiers during the European War is in danger of being lost unless some way can be found of inculcating generally the old faith in the talismanic power of some convenient set of financial rules—such as the "gold standard." There is, in fact, sound basis for the suggestion that one of the purposes of the present war is to force Britain and France back on to the gold standard and more firmly into the grasp of the powerful financiers of Wall Street, William Street and Pine Street, New York.

GRAFT

As was to be expected the development of centralised power by two groups of persons, the federal government and the business men, led to a degree of 'coalescence' by way of the corruption of government officials. As early as 1875 there were enormous frauds in the collection of the internal revenue by the whisky ring, with the connivance of Federal Officials. With the growth of wealth and enterprise accusations and investigations reached even the President's cabinet. In 1922 there was a scandal over the transfer and leasing by the Secretary for the Interior of some oil bearing land, involving cash payments of $100,000 in cash from the oil magnates concerned. The publication of the facts as established by a committee of the Senate led to the resignation of the Secretary of the Navy and the institution of criminal proceedings against the Secretary of the Interior and the oil magnates.

In brief, the working in America of at least three of the five points on which Federal Union is advocating federalisation (finance, citizenship, defence forces, customs and communications) is a strong warning against any such proceeding. The Union Citizenship, while giving great power to the congress or senate, by the size of its constituencies makes it impossible for the electors to have the contact necessary to enforce the realisation of responsibility. (The suggestion for European constituencies of half a million or a million people is illustrative.) Union Money has led to the concentration of the tremendous power of finance into the hands of a few people, and to the taxation of the American people to an extent greater than in Britain. Union defence forces have led to the application of the army in internal class warfare. As for communications, it is nobody's business but the inhabitants of a country to decide whether they want traffic through their own country—and to arrange communications accordingly.

In fact, all the five points mentioned by Mr. Streit are purely secondary: give individuals economic freedom and they will themselves create an organisation suitable to the objectives they wish to achieve.

U. S. S. R.

In conclusion a word on the second large existing Union* (born like the first amidst the troubles of a world at war), the Union of Socialist Soviet Republics might complete this brief survey of the workings of the Federal System.

"The constitution of the new state, The Union of Socialist Soviet Republics, was accepted by the Central Executive Committee, 1923. Each republic had its own Council of Commissars, but the Union reserved for itself the Commissariat of Foreign Affairs, War, and Marine, Trade, Transport and Posts and Telegraphs.

"Paradoxically, the most important unifying force of the new state [Communism] which contained so many races, creeds and languages was not mentioned in the constitution. The Communist party with its rigid discipline and centralized authority was destined to control each of the constituent states and to cement them more firmly together..."

And in the sphere of finance:

"As the New Economic Policy developed industry was divided into 'trusts' as they were called. With the trusts which were organs of production were associated, organs of sale and purchase handling both foreign and internal trade. United action and government control were secured by the expansion of the Supreme Economic Council to include representatives of the trust sections, so as to form a kind of industrial General Staff."

—British Encyclopaedia.

Judging from recent events the authors of Unions are determined to realize the ideal expressed by Trotsky in "The Bolsheviki and World Peace":

"The task of the proletariat is to create a far more powerful fatherland, with far greater power of resistance—the Republican United States of Europe, as the foundation of the United States of the World."

* The connecting link between the two Federations is the Jewish banking house of Kuhn, Loeb and Company, which was instrumental in financing the Bolshevik Revolution.
“LIBERTY is really a simple thing, although difficult to come by. It consists in freedom to choose one thing at a time.” How far can you do what you want; spend time on desired pursuits, refuse distasteful work? People are free to the extent of their choice, and it needs no argument to show that everyone wants this practical and personal liberty.

The DEGREE of freedom available depends upon production. No one can choose from many alternatives until certain of the first necessities—food, clothing and shelter. The application of science to industry has resulted in the position that everyone could have enough of these; and then have freedom to choose many other things beyond them.

The USE to which the individual may put this freedom is his own affair. Without it the “inalienable right to life, liberty and the pursuit of happiness” has no meaning.

ACCESS to this practical freedom is by means of money. People are able to do this or that if they have money to foot the bill: and not otherwise.

INDIVIDUALS can only obtain money from other individuals; they cannot make it, except by forgery.

WAGES, SALARIES and DIVIDENDS are the only channels by which individuals can get money.

WAGES and SALARIES are only received in return for work.

PAID EMPLOYMENT is being replaced by machines, which require no wages.

SCIENCE and INVENTION which have produced machines are a common inheritance which should bring a dividend of increasing freedom to everyone.

THE DISTRIBUTION of increasing leisure and freedom entails the distribution of money (the “wages of the machine”) to individuals.

MONEY IS MADE by writing entries in books. (Also by printing notes and minting coin, but these are only the small change of finance.) The COST of making money is practically nothing.

BANKS create money in this way. They create it as DEBT, which must be repaid by the public.

TAXES are the repayment of this debt.

This money NEED NOT be issued as debt provided the amounts issued are related to the goods produced and suitable measures are taken to avoid inflation. This is a simple adjustment.

THE NATIONAL DEBT, which in 1914 was £650 millions, was before the war began £8,000 millions, although since then we have “paid off” £5,500 millions. The Local Government Debt is £1,500 millions, nearly three times as much as in 1914. Income Tax is now 7½ in the £ and Rates are something else. Whitakers Almanack allots fourteen pages to enumerate actions which the individual may not perform without money payment, or license.

This is “SOUND FINANCE”. It is also DEBT and TAXES. And it is the control of the individual by the money system.

MONEY is the MEANS OF ACCESS to Freedom. Banks, (ultimately international finance) have the monopoly of the issue of money; that is to say, a monopoly of the control of freedom.

THE FINANCIAL SYSTEM, by issuing money as debt, and by refusing to issue it except in return for work (production) sets up a conflict between individuals—to OBTAIN MONEY from a constricted supply in the hands of other individuals, and to OBTAIN WORK (from a diminishing supply and in competition with other individuals.)

THIS CONFLICT spreads from individuals to nations, taking the form of an insatiable demands for raw materials and exports. This is the proximate cause of modern war.

THE CENTRAL KNOT in this tangle can be untied by the issue of money as CREDIT, and in a form increasingly detached from WORK.

THE IMMEDIATE APPLICATION of these principles is in the finance of WAR, as embodied in proposals published by Major Douglas. These make possible the maximum national effort; while reducing taxation, and avoiding debt and inflation.

THE PERMANENT APPLICATION is the finance of PEACE. PEACE can be secured by the provision of substantial security to each individual; and that means personal access to goods and services in a form which is detached from work; that is a National Dividend, a vehicle of personal freedom.

PERMANENT PEACE is the result of such freedom.

PHILOSOPHIC and POLITICAL SYSTEMS either retard or bring nearer the common objective of Real Freedom.

COMMUNISM, SOCIALISM and TOTALITARIANISM all result in the subservience of individuals to institutions. These are diametrically opposed to the use of social credit, which springs from the freedom of the individual.

NATIONALISATION and STATE CAPITALISM can be added to this list. They lead inevitably to “the exaltation of the functionary at the expense of the human being”—governmentalism, the increasing, deadening grip of institutions.”

CHRISTIANITY (The NEW Testament) “I came that you might have life, and have it more abundantly” . . . “The Sabbath was made for man, not man for the Sabbath” . . . “The Kingdom of God is within you.” These sayings are signposts towards freedom.

JUDAISM (The OLD Testament). “The Lord thy God is a jealous God” . . . “An eye for an eye and a tooth for a tooth.” Judaism stands for blind obedience to THE LAW; the law being imposed upon the individual by an external authority.

PURITANISM is focussed on the OLD Testament. Its teachings emphasise “Thou shalt NOT . . . ” which is precisely the effect of the restriction of money by the Money Power.
INSTITUTIONS and ORGANISATIONS are secondary to individuals. They are only useful in so far as they produce results which people want.

BUREAUCRACY did not spring from the choice of the electorate; its result is the subjugation of the individual to the Institution.

THE BANKING SYSTEM produces Debt, a form of slavery; not Credit, a means to freedom.

THE POLITICAL PARTIES exemplify “divide and rule.” They are permeated by interests which are ultimately financial, and have reduced democracy to a meaningless facade.

INDUSTRIAL and TRADING COMBINES are the product of financial dictation. Increasing ability of the public to choose goods; and of employees to refuse work will profoundly modify such organisations.

“P.E.P.” propounds a host of schemes to rule and regulate the trade and affairs of individuals. From whence and to what end? They have one common result; and that is Centralised Control directed by Bureaucracy.

Increase the ability of the individual TO CHOOSE, and organisations will arise to fulfil the choice. Increase the ability TO REFUSE, and those organisations which remain anti-social will cease to exist.

NATIONAL POLICIES AND PLANS are necessarily governed by considerations of money, which means debt; repayment; taxes. This is automatic and in the present system inevitable.

STUPENDOUS POWER is in the hands of those who control the issue of money, for by that means they control National Policies.

THIS CONTROL is exercised by International Finance, now centred in Wall Street, U.S.A. As shown in its effects, this power is used to enforce the Jewish philosophy of DOMINATION by the Few; SUBMISSION by the many.

THESE FINANCIERS (the central core is Jewish) are implacably opposed to the surrender of control, and to its restoration to Democracy, to whom it belongs.

ALBERTA is contesting this. In 1935 she decided to assume the control of her own credit. Since then every Parliamentary Bill designed to implement Alberta's own social credit has been blocked and annulled at the instance of Finance, by the Federal Parliament. Social Credit, like Christianity and Real Democracy, has not yet been tried.

THE FINAL ESTABLISHMENT OF WORLD CONTROL is the objective of International Finance. “Sound finance” demands “Sound security.”

SOUND SECURITY, for these financiers, means that the borrower of their “loans” (from costless credit) is so placed that he must “repay” them or suffer penalty; with bankruptcy; starvation; imprisonment, etc.: as the alternative.

THE LAW of all countries contains such provisions, but THE SECRETS are necessarily governed by considerations of money, which means debt; repayment; taxes. This is automatic and in the present system inevitable.

To this end, this POWER extends support to ANY organisation or plan which involves centralised control of the individual—knowing that control of the organisation will lie with it.

“LEADERS” political and otherwise, whose real objective is the expansion of their own desire for domination, invariably fall for this support which confers influence, power and wealth to its exponents.

BANKERS and POLITICIANS of the rank and file, whether Jew or Gentile, do not necessarily understand the consequences of their action, but that action must be adjudged by its effects.

Mr. CHAMBERLAIN has preserved a steadiness of vision, a determination in action, and a persistence in keeping open the possibility of a return to sanity which stands high in the national assets.

THE PRESENT WAR has been forced upon us; it is vital that we preserve our national independence, both from war, and from internal subversive planning such as Federal Union.

GREAT BRITAIN—the whole World—is facing issues which cannot be evaded. The present war is one phase only of events which must lead to the emergence of a new order—either a pyramidal organisation, having at its apex supreme power, and at its base complete subjection ... or else a more complete decentralisation of initiative than this civilisation has ever known.”

THE ACTION OF SOCIAL CREDITERS is directed towards the latter alternative. The result will not be domination, for rule by reality will replace the hypnotism of abstractions. And every man and woman (who is made of flesh and blood and not of parchment) stands for freedom.

DEMOCRACY is the vehicle to implement this Will. Not the democracy of Parties and Debates, but of a People united and determined to secure the Substance of Freedom.

H. E.

---

ACTION NOW

A Summary by H. E. will be sent post free
on application of any subscriber.

For THE TRUTH IN ALBERTA
Read “Today and Tomorrow”
Send your sub. to TODAY AND TOMORROW
1016-118th Street, Edmonton, Alberta.
Subscriptions $1.50 a year
(at the present rate of exchange about 6s.)
You can subscribe by International Money
Order, obtainable at any Post Office.
**ANNOUNCEMENTS AND MEETINGS**

Will advertisers please note that the latest time for accepting copy for this column is 12 noon Monday for Saturday’s issue.

**Special One Month’s Trial Subscription Form**

K.R.P. Publications Ltd.,
12, Lord Street, Liverpool, 2.

Please send THE SOCIAL CREDITER to me for the four weeks commencing .......................................................... for which I enclose 2/6.

Name

Address

(Cheques and Postal Orders should be crossed and made payable to K.R.P. Publications Ltd.)

**BELFAST D.S.C. Group.** Headquarters: 72, Ann Street, Belfast. Monthly Group Meetings on First Tuesday in each month.

**BIRMINGHAM and District.** Social Crediters will find friends over tea and light refreshments at Prince’s Cafe, Temple Street, on Friday evenings, from 6 p.m., in the King’s Room.

**BLACKBURN Social Credit Association:** Weekly meetings every Tuesday evening at 7-30 p.m. at the Friends Meeting House, King Street, Blackburn. All enquiries to 168, Shear Brow, Blackburn.

**BRADFORD United Democrats:** All enquiries welcome; also helpers wanted—apply R. J. Northin, 11, Centre Street, Bradford.

**CARDIFF Social Credit Association:** Enquiries to H. Steggles, Hon, Sec., 73, Romilly Crescent, Cardiff.

**DERBY and District—THE SOCIAL CREDITER** will be obtainable outside the Central Bus Station on Saturday mornings from 7-15 a.m. to 8-45 a.m., until further notice. It is also obtainable from Morley’s, Newsagents and Tobacconists, Market Hall.

**LIVERPOOL Social Credit Association:** Weekly meetings of social crediters and enquirers will continue, but at varying addresses. Get in touch with the Hon. Secretary, at “Greengates”, Hillside Drive, Woolton, Liverpool.

**LONDON Liaison Group.** Next meeting Saturday, January 27th, at 4, Mecklenburgh Street, W.C.I, from 2-5 p.m. Tea 3d. Enquiries to B. M. Palmer, 35, Birchwood Avenue, Sidcup, Kent.

**LONDON Social Crediters:** Lunch-time rendezvous. Social crediters will meet friends at The Cocoa Tree Tea Rooms, 21, Palace Street, Westminster (5 minutes Victoria) on Wednesdays from 1-30 to 3 p.m. Basement dining room.

The Social Crediter

If you are not a subscriber to THE SOCIAL CREDITER, send this order without delay.

K.R.P. Publications Ltd.,
12, Lord Street, Liverpool, 2.

Please send THE SOCIAL CREDITER to me

Name

Address

For Twelve Months—I enclose 30/-

" Six " 15/-

" Three " 7/6

(Cheques and Postal Orders should be crossed and made payable to K.R.P. Publications Ltd.)

**NEWCASTLE D.S.C. Group.** Literature, The Social Crediter, or any other information required will be supplied by the Hon. Secretary, Social Credit Group, 10, Warrington Road, Newcastle, 3.

**PORTSMOUTH D.S.C. Group:** Weekly meetings every Thursday at 8 p.m., 16, Ursula Grove, Elm Grove, Southsea.

**SOUTHAMPTON Group:** Secretary C. Daish, 19, Merridale Road, Bitterne, Southampton.

**TYNESIDE Social Credit Society** invite co-operation to establish a local centre for Social Credit action in all its aspects. Apply W. L. Page, 74-6, High West Street, Gateshead.

**WOLVERHAMPTON:** Will all social crediters, old and new, keep in contact by writing E. EVANS, 7, Oxburn Avenue, Bradmore, Wolverhampton.

**Miscellaneous Notices.**

Rate 1s. a line. Support our Advertisers.

**ROOMS OR RESIDENCE,** small country house in pleasant rural district, 50 miles NW, London. Replies to c/o “The Social Crediter,” 12, Lord St, Liverpool.

**ERRATA**

The words ‘curative’ and ‘desired’ towards the end of an article, headed ‘The Key of the Door’, which appeared in *The Social Crediter* last week, should have been ‘creative’ and ‘described’ respectively.

**EXPANSION FUND**

To the Treasurer,
Social Credit Expansion Fund,
c/o The Social Credit Secretariat,
12, Lord Street, Liverpool, 2.

I enclose the sum of £ : : , as a donation towards the Social Credit Expansion Fund, to be expended by the Administrators at the Sole Discretion of Major C. H. Douglas.

Name ..............................................

Address ...........................................

Published by the proprietors, K.R.P. Publications, Ltd., at 12, Lord Street, Liverpool, 2.

Printed by J. Hayes & Co., Woolton, Liverpool.