

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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### The Inescapable Conflict

By C.H. Douglas

[The article which follows is reprinted from a collection of addresses and articles first published as the book *Warning Democracy* in 1931, and was written and published in *The New Age* toward the end of 1928 – before the Great Depression and its planned sequel, the Second World War. It is, in that sense, “dated” – which would mean to numerous of our contemporaries, “Out-dated.”

But the purpose of the author in publishing the collection in 1931 was, in part, stated in his Preface, “to suggest that as the test of science is prophecy, the correspondence between the course of events as they have developed, and are developing, and the arguments embodied in these addresses, affords solid ground for optimism. Difficult as the present times may be, and worse as they may become, we know that the monetary system is the main cause of our discontents...”

The solid ground for optimism seems to have been transformed into a swamp of dissension, conflict and disaster. Writing in 1943 (*Programme For the Third World War*), Douglas observed: “... there is an organisation consciously determined at any cost, of war or revolution, to uphold the economic war (of which military war is only one phase) and use it in the cultural war.” And this defines precisely the situation in which we now find ourselves – the situation which, Douglas also wrote, “defines the task society must face and solve, or perish. First, to attack and defeat the Money Power: then consider the reorganisation of the money system.” And not, be it noted, along the lines presently devised and promoted by the Money Power itself.

So the warnings of the 1920s, so far from being “out-dated,” are a prophecy, the proper understanding of which gives us an accurate perspective on current events and tragedies. We are thoroughly, if not yet hopelessly, embroiled in a cultural war. The elements of confrontation within it seem to move in an Orwellian kaleidoscopic fashion – but always to make a pattern. What often seems mere expediency is in truth expertise – manipulation of power-hungry politicians of assorted ranks by a self-conscious organised conspiracy beyond them and operating at concentric levels *through* the Money Power. That is why the Messrs. Frasers and Whitlams of this world are equally doomed, little though they will recognise the fact while their exercises in idolatry (see text of article) persist.]

In a recent issue of *The New Age*, the editor brought to the attention of his readers, perhaps semi-seriously, the predictions of “Old Moore” in regard to the coming year. The predictions are based on astrological considerations.

It will be fresh in the memory that the *Morning Post*, during the early part of the year, published, presumably at advertisement rates, a lengthy series of articles on the Great Pyramid predicting, at more or less similar periods, a state of crisis similar to that to which the astrologically minded might also point.

My knowledge of these matters is not either quantitatively or qualitatively sufficient to express an opinion upon them. I should certainly not accept their predictions as a basis of action without further knowledge. At the same time, I do not think that our knowledge of the real nature of the universe in which we live is anything like sufficient to justify ridicule in regard to any theory which has not been very fully investigated. In any case the predictions in question could hardly be further from the truth than those of our statesmen and bankers.

Having said this, I must confess, however, that I am impressed, as no doubt many other people have been impressed, by the fact that such apparently unorthodox prophecies seem to point to the occurrence of a world crisis at very much the same time as that which some ordinary statistical and political knowledge would suggest. For instance, Sir George Paish some time ago prophesied a financial crisis in the spring of 1929. I have myself always suggested that the financial system would encounter difficulties about the end of the decade. The complications which seem likely to attend the election of a new President in the United States of America, and the almost synchronous election of a new government in this country, the resurrection of problems arising out of the Treaty of Versailles and the Dawes scheme, together with the well-nigh unbelievable political situation in Italy and Russia, all point towards a world situation not less problematic than that which is obvious in the internal policy of nearly every country, not excluding Great Britain.

It will probably be agreed that some idea of the lines of demarcation in this situation would be helpful to those who take it as seriously as I, at any rate, think it should be taken. In the first place it is obvious enough that mere national labels will not help us much. The problems which confront the world are not primarily geographical. So far as any one adjective will describe them, they are fundamentally cultural. That is to say, they relate to objectives, to ideals of life and its uses, and the conditions under which individuals will co-operate to reach these objectives.

To make this clear let us examine the reaction which is becoming evident to the first of the propositions which *The New Age* has put forward – that finance is the mechanism which controls policy in the modern world. After ten years of derision, denial, boycott, and misrepresentation, this proposition has now been fairly generally accepted, even by the Labour Party. In their recently issued supplement on policy this Party proposes: (1) The control of the Bank of England by a public corporation containing representatives of such essential factors in the community as the Treasury, Board of Trade, Industry, Labour, and the Co-operative Movement (!). (2) The extension of existing banking facilities to people with small means by the spread of municipal and co-operative banks throughout the country. (3) Such changes in the banking and financial system as will secure that the available supply of credit *and* of *savings* shall be used for enterprises of

national advantage, as distinct from those that are useless or socially injurious, and an inquiry into the best method of achieving this purpose. (4) The carrying out of the Genoa Conference proposals of 1922 for the regulation of the value of gold by international agreement. It comments: "An extension of banking facilities for the workers would facilitate small savings."

All of these objects, it might perhaps be remarked, are not worth five minutes' effort on the part of anybody, even if, as is not the case, they would result from the steps proposed. The interesting point to me, at any rate, is that they assume a culture of a repellently Puritanical nature, without admitting that this culture is in itself suspect.

It is not my object to examine at any length the supplement in question, but it will repay study as indicating the point I wish to make, which is the determination exhibited, not less by the Labour Party than any other, to use any and every means to subordinate the individual to the group. A far-seeing writer, a long time ago, said "the eyes of a fool are upon the ends of the earth." It is this species of folly which animates men who, while unable to solve the problem of giving the individual worker a decent existence, are only willing to try their hand with the financial problem if it is considered as a world problem and not as a domestic problem, just as, while unable to resolve the differences in any one industry such as the coal industry, save by recommending their continuous enlargement, problems of the magnitude of world-wide peace, disarmament, and foreign relations have not appeared to present any difficulties to them.

Now, I do not believe for one moment that the majority of the individuals who belong to the Labour Party, or any other Party, are congenital idiots, as the utterances of their leaders might lead one to conclude. But neither do I believe that it is an accident that the accredited spokesmen of the Labour Party utter this peculiarly vicious nonsense. They are, in my opinion, assisted to attain and to retain their leadership because of their ability to foster and manipulate a characteristic which is essential to the dominance of the group over the individual. The characteristic which I have in mind is that which I have on various occasions called abstractionism. The theologians call it idolatry.

I should define idolatry as the practice of taking some object or virtue, and without understanding or even trying to understand its true nature, investing it with attributes which do not belong to it. It is, I think, a characteristic of immature intelligence and at first sight would not appear to be a serious matter. But it is, in fact, the very devil.

To explain what I mean, let us return for a moment to the recommendations of the Labour Party's Supplement. Consider as an example the remark that "the extension of banking facilities for workers would facilitate small savings." We have here a typical instance of idolatry. Saving is put forward as a virtue in itself, and we can only conclude that those responsible are either without any understanding of the true nature of money saving, or are influenced by that attribute of idolatry which makes it so dangerous that it delivers its victims bound hand and foot to any unscrupulous interest which sees through the delusion.

The line of demarcation for which we are in search consists then, in my opinion, not so much in the particular abstraction or idol to which a nation or party is committed, but rather between the idea that it is possible to say that such things as thrift, work, discipline, sobriety, and, in short, the complete pantheon of the austere virtues, can be said to have an absolute existence, and are, as a consequence, susceptible of imposition on large masses of individuals to their benefit, or whether, on the other hand, such abstractions require individual incarnation, and are insusceptible either of general definition or mass application.

This division may seem to take us a long way from the immediate issues of contemporary politics; but I believe it can be applied with some measure of success to the estimation of the forces aligned for the coming struggle.

## II

Before applying the test of idolatry, or abstractionism, for the purpose of obtaining an idea of possible national groupings, it is desirable to consider the relationship of ballot-box Democracy to it.

It is evident upon cursory consideration that if the mechanism of democracy, as at present understood, is accepted as a method by which peoples are to be governed, it is certain that they must be governed by abstractions. In order to get, let us say, fifty million persons to vote upon any subject, that subject must be a wide generalisation. Further than that, it must be a generalisation susceptible of about fifty million interpretations, to make it accord with the private views of each of the fifty million voters. This is exactly what happens in a modern democracy. An election is held upon some abstraction which may be labelled "Chinese Slavery" or "Safe-guarding," or practically any other subject which the average elector may be safely trusted not to understand. So long as he votes, it is probably not of much importance what he votes for. It is, however, vital that he should vote in order to keep up the illusion that he is controlling his own destiny.

Having voted and duly elected a body of representatives, pledged to the furthering of some wide generality, the way is left clear for a dictatorship, either of finance or administration, to interpret the generalisation in terms satisfactory to itself.

Now, it must be observed that this subservience of ballot-box Democracy to some kind of a dictatorship is inherent, and it is indissolubly connected with the idea that the relationships of different individuals to the same situation are similar. It is consequently a system of government depending for any workability it may possess upon an electorate possessing a low degree of individualisation. If it be applied to the animal world one can imagine a successful election on the subject of the most satisfactory dog biscuit. An election amongst Frenchmen upon the question of, let us say, an omelette or a beefsteak as the only article of diet, would, however, probably show signs of dissolving in disorder.

Applying this conception to the political and international situation, it is easily seen that certain factors start out in relief. There is, for instance, probably no country in the world where the politics of the ballot-box are taken so seriously as in the United States, a country containing, together with many highly developed individuals, a considerable majority of the type immortalised by Sinclair Lewis in *Babbitt*. Similarly, the Socialist Party in this country and elsewhere naturally assumes the fundamental soundness of decisions arrived at by the counting of hands, because, as I understand it, the Socialist Party does not recognise any important difference between any one individual and another. The United States, as a world force, and Collective Socialism, as a world movement, widely different and superficially antagonistic as they may appear to be, have yet this in common with each other, and with dictatorships of the Russian and Italian type, that each arrogates to itself the position of a "moral" leader, and is fundamentally sympathetic to the idea of an abstract morality. For instance, Mr. Snowden, the Socialist Chancellor of the Exchequer, in the *Banker* for May, 1927, remarks of the Bank of England (an institution perhaps responsible for more economic misery than any which has ever existed) that it is "perhaps the greatest moral authority in the world."

It may be suggested that it is as arguable that the relation of one individual to a given situation is similar to that of any other,

as is the converse. But apart from any theory on the matter, I think we are in possession of important evidence to prove that the trend of evolution is towards Individuality, and that Individuality demands its own unique relationship to circumstances. There probably never was a time at which such conscious effort was being made to endeavour to make people think alike. We have a syndicated Press, selecting and adapting the news of the world to suit a unified policy. As a result there never was a time since the invention of printing when people paid less attention to the opinion of newspapers. On the whole, so far from the modern newspaper impressing its views upon its readers, its influence varies almost directly in proportion to its absence of evident bias, which is another way of saying that it varies as it represents the opinion of some individual, rather than the machine-made policy of some large interest. Similarly, there never was a time in which the mechanism of Education was so centrally controlled as at present, and there probably never was a time in which the revolt against orthodox, uniform, or machine-made teaching was so active and widespread.

It is impossible to consider these matters with any seriousness, however, without realising that there is a force, which may be conscious or unconscious, which definitely resists the evolution of the individual. Ranged with this force at present are all those influences which may be described by collective terms such as "Industry," "Labour," "Capital," terms, in short, designating functions of the body politic. At the risk of straining an analogy, I think it is helpful in obtaining a just view of this situation to consider that, in the case of the human body, one function after another, after having engaged the sole attention of the individual, has been relegated from the main object of existence to that of an automatic function. Speaking under correction, I believe it is a biological fact that such a function as breathing, now practically automatic, was at one time almost the sole concern of prehistoric man.

If we imagine the function of breathing to resist this relegation from the centre of the human stage to that of a function, I think we get a just idea of the attitude to be adopted to these groups, which represent the functions of the body politic. It is a mistake to imagine that perhaps any one of them is fundamentally undesirable. They merely have to be put in their place as servants of the individual, in the absence of whom their existence is meaningless.

Nevertheless, this resistance to the emergence of the individual from the group is real and strenuous, and the conflict is daily widening in extent. Returning again to what is one of the main battle-grounds of this conflict — the United States of America — it is becoming evident that "Big Business," Finance, and the "Machinery of Government" are enlisting forces which a few years ago would have been regarded as extinct in the Middle Ages. "Fundamentalisms" of a crude form, which would have provoked a smile in the theologian of the fifteenth century; "Moral" laws, which would have been resented in the time of the Tudors, and an organised system of Commercial Espionage and Blackmail reminiscent of the worst days of the Inquisition or the Star Chamber, exist to-day side by side with an exaggerated individualism, far removed from genuine individuality. On the other hand, there is a not inconsiderable minority, possessing great and increasing influence, which is thoroughly alive to the issue. But it does not, I think, control United States foreign policy.

### III

It is necessary to remind ourselves of the nature of the circumstances which provide the raw material of conflict.

The world, at the present time, operates under a financial system which is in essence a book-keeping system controlling the necessities of life. This book-keeping system produces an illusory necessity for an excess of exports over imports in the case of every industrial nation, the penalty of failure to increase this balance of exports over imports being an increasing unemployment problem.

This situation is mathematical in origin, and, as it were, merely provides a combustible background for an international conflagration without in itself selecting the nations involved. Proceeding from this situation, however, it is recognised that an aggressive psychology is an asset tending towards, at any rate, temporary success in this struggle for commercial supremacy, which is the polite term applied to the conflict. It follows fairly naturally, therefore, that a successful period of commercial expansion has a strong tendency to be accompanied by an aggressive attitude in Foreign Policy. It is probable that the causes of temporary commercial supremacy are for the most part adventitious. It is even more probable that commercial supremacy during the past 200 years has been susceptible of being fostered, and has in fact been fostered, according as the situation seemed to meet the interests of international financial organisations, such as the Rothschilds, Sterns, Schiffes, and others.

In spite of this, the incurable vanity of human nature, acting in conjunction with the cult of rewards and punishments, has assumed that such success was due to special virtue on the part of the successful, with results which were plainly visible in the attitude and manner of the pre-war Prussian, and are becoming noticeable in the national attitude of the United States. They were, perhaps, not absent from the outlook of Great Britain prior to the South African War, and were noted and embodied in Mr. Rudyard Kipling's *Recessional*, written in 1897.

It is well understood nowadays that the actions both of individuals and of nations tend to bear an inverse ratio to the high-sounding morality of their protestations. We all instinctively feel for the safety of our small change when in the companionship of someone who loudly protests his honesty, and it was not accidental that the smug complacency of the Exeter Hall period in Victorian affairs coincided with some of the most questionable passages of nineteenth-century British policy.

It appears to be a concomitant of this peculiar state of mind that the sufferer is blind to the real nature of the actions which accompany it, and it is in character for the United States, which is going through this phase, to insist, as she is insisting, on being the sole financial beneficiary of the European War, while protesting through her chief spokesman, Mr. Coolidge, that the United States received nothing but spiritual benefit from the victorious peace.

To impugn the sincerity of an utterance of this character is irrelevant to the situation. What is needed is appreciation of the fact that certain developments of what may be called a pathological condition are to be expected just as surely as spots on a sufferer from measles, unless the disease is checked by the removal of the predisposing environment.

In the case of Great Britain, the result was the South African War, from which it is possible that we learnt a lesson which assisted in saving us from a final and irreparable collapse.

However this may be, the world appears to be faced with the following situation. There exists, in the United States of America, an organisation commercially successful to an extent which has not previously been attained. It appears from recent pronouncements in regard to debts and other matters, to be controlled by influences exhibiting those characteristics of an abstractionist nature, which seem to accompany a rapid rise to affluence. This psychology, controlling immense resources alike of men, materials,

and finance, is superimposed upon the mathematical situation to which reference has just been made.

It seems to me that only self-deception can blind us to the fact that given these circumstances there can be only two alternatives. One is the subjection of the rest of the world to the United States, a subjugation which must be not only commercial, political, and financial, but cultural. The alternative is conflict between the United States (no doubt allied with those forces sympathetic to her policy) and the remainder of the world which is unwilling to accept her suzerainty.

Conspicuous among those whose psychology is antipathetic is, I think, the Frenchman: and, in my opinion, Sir Austen Chamberlain, in remarking at Toronto in a recent speech that France and Great Britain held the key of the international situation, enunciated an important truth.

The French temperament is probably the most coldly logical and realistic of any well-defined type, and the abstractions on which, for instance, the United States claim monetary repayment for munitions used by France while fighting in the absence of American troops, while such a claim ceased when the same munitions in the hands of American troops were applied to the same end, produce upon the French mind a strong feeling of irritated impatience. With France, both from sentimental and economic

motives, I think we can associate Spain, and Latin America, with the possible exceptions of Brazil and Peru. In the East the sympathies of Japan are well known.

On the other hand, Italy, and possibly Russia, under its present control, and under certain circumstances Germany, would appear to range themselves naturally upon the other side.

This roughly might be expected to be the alignment in any conflagration which may be precipitated during the existence of the present state of affairs in the principal countries of the Eastern and Western hemispheres. It is, however, to be remembered that the real divisions in the world at the present time, while still to some extent vertical and national, are also horizontal and international. There is, moreover, little doubt that ultimately this horizontal division (which, it should be plainly understood, is not what is commonly called a class war, but a cultural war in which the contending forces on either side will be recruited from every class) will become preponderatingly important.

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		INFLATION — Annual Rate									
		5%	10%	15%	20%	25%	30%	40%	50%	75%	90%
FRACTIONS OF MONETARY VALUE	1/x										
	1/2	13.51	6.8	4.27	3.11	2.41	1.94	1.36	1.0	0.5	0.3
	1/3	21.42	10.43	6.76	4.92	3.82	3.08	2.15	1.58	0.79	0.48
	1/4	27.03	13.16	8.53	6.21	4.82	3.89	2.71	2.0	1.0	0.6
	1/5	31.38	15.28	9.9	7.21	5.59	4.51	3.15	2.32	1.16	0.7
	1/6	34.93	17.01	11.02	8.03	6.23	5.02	3.51	2.58	1.29	0.78
	1/7	37.94	18.47	11.97	8.72	6.76	5.46	3.81	2.81	1.4	0.85
	1/8	40.54	19.74	12.8	9.32	7.23	5.83	4.07	3.0	1.5	0.9
	1/9	42.84	20.85	13.52	9.85	7.64	6.16	4.3	3.17	1.58	0.95
	1/10	44.89	21.85	14.17	10.32	8.0	6.46	4.51	3.32	1.66	1.0

TIME IN YEARS

Multiply decimal part by 12 for Months.