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FOR POLITICAL AND ECONOMIC REALISM

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An Increment of Creativity*

By Bryan W. Monahan

(Continued)

Since the future is at stake—unless it is lost already—it is of the utmost importance that this issue† should be fully comprehended. Now as a creative being, man enjoys "work"—he enjoys making things. "Making things" ranges through individual pursuits and the arts, to participating in projects requiring the co-operation of few or many. But there is a destructive difference between forced co-operation under an imposed policy of "work or starve," and free participation for the love of the work and the sense of achievement.

Certainly there is an amount of necessary but relatively distasteful work which has to be done if communities are to survive as communities. There was a great deal of this at the beginning of the industrial era, and it was accomplished often under hideous conditions. But the point is that most of it *has been* accomplished. The amount of distasteful work is diminishing all the time with the progress of the industrial arts. The past is not the past for nothing. We possess the accumulation of the already-created. We are tenants-for-life in an inheritance bequeathed to us from the work of our forefathers, but stolen from us by those who would rule over us. On the other hand, much work requires greater and greater skill, and even imagination; it is a *privilege* open to those who have trained themselves for it—indeed it is so regarded in the form of remuneration. But children might be educated differently than in competition for such work; there is no reason why they should be drudges because they cannot qualify for the work that qualifies as a privilege.

All the animals except man expend their creativity within themselves—if they build, they do so in the manner of their kind. As animals, they are born perfect for their way of life. And even so, they have leisure. Few animals work as hard as man, unless it be the ants. But in contrast to the animals, man "becomes"; as no animal does, he differentiates, and he does so by the acquisition of cugenes.‡ Certainly there are certain inborn aptitudes which bias the selection of cugenes. Nevertheless, to varying degrees individuals may have ideals, and grow into what they want to become. Wanting to become something is to have a sense of vocation, and a sense of vocation, not a need for an income, is the proper attitude towards "work."

As the son of my father, I am a member of a family which reaches back into the immemorial past. The greater the sense of family feeling, the more important my family home, into which I am born. My earliest cugenes are those provided by my family tradition. Just as my mother's milk represents pre-processed food fit for my undeveloped power of digestion, so society's stock of cugenes is processed by my family for my undeveloped mental digestion. "Mum and Dad" are probably my first words.

As I grow older, if I have any special aptitudes my parents are likely to be the ones to observe the first signs of them, and to make provision for them accordingly. And knowing that I am full of faith in what I am told, they will be careful to tell me the truth so far as they understand it. Aware always of what I may become rather than of what I should become, they will keep, so long as they are able, the way open in all directions.

What sense is there for me in "getting on" in the world? What product of our "higher education" today could come near to or equal Leonardo da Vinci? What is the good to me of twenty-five years of "education" specialised to get me a position in a firm which designs bank-buildings and office blocks? And yet that is the fate, or something like it, of all but a handful of the products of higher education. This is not true education at all. Education is "leading out," not stuffing in, not forcing the wondrous labile mind into a specialised mould to make parts of a machine called the "planned society."

Any developed industrial country these days could provide a very high standard of true living for all its members with hardly any further "development," and with only such international trade as is required to make good mutual deficiencies in basic materials. Trade should be advantageous, not competitive. And yet merely to live more and more women *have* to be employed, at the same time as automation and electronic data processing are rapidly creating "job redundancy." Then re-training programmes have to be undertaken to "fit" displaced persons for other employment, and we are reassured that automation and computers create more jobs than they eliminate. Is that what they are for?

Huge numbers of jobs, of course, are completely non-productive, consisting only of making marks on pieces of paper and filing them; or keeping tabs on the filers and markers. Huge crowds are involved in maintaining a completely unnecessary system of taxation. Enormous numbers of

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*This title has been added for this reprinting of Chapter XII of Dr. Monahan's *Mystery, Magic, Music and Metaphysics* (Tidal Publications).

† *Vide* previous paragraph, in *T.S.C.*, March—April, 1985.

‡ *Cugene:* This is a neologism expressing a concept developed in the book from which this Chapter is excerpted, and is derived from the word "gene" —the unit of physical heredity—and the word "culture", in the sense of *cultural inheritance*. Quite evidently, a national culture is made up of elements; as a whole, it is identifiable or recognisable; but the individual human being acquires only a selection of its elements. Thus a cugene is to be conceived as analagous to a gene in affecting behaviour, but as transmitted to individuals by "external" heredity. The physical basis of a cugene is the engram.

the best brains are involved in legal problems arising from the string-of-sausage like administrative decrees which pass as Law, but are really works-orders in essence. If all this represents man's destiny, then Jesus did not know what He was talking about, and His warnings and death were in vain. He foretold the destruction of Jerusalem; but Jerusalem is world-wide now—a whole civilisation. Is it any wonder that Jesus wept? And He knew that though one rose from the dead, they would not be persuaded.

All this has nothing to do with the so-called profit-motive, save insofar as this has been *perverted* in the interests of centralised power. Practically everyone hopes and expects to make a profit by being paid more for his work than he *has* to expend on his living. The difference represents *leisure*—time to be "lazy"—unless his leisure is organised into "useful" activity. But leisure is time free to become what one aspires to be or do, and is nobody else's business. Nor has it to do with the so-called "evils" of capitalism, whose sin in the eyes of the centralisers is that it distributes dividends to those who have not "worked" for them instead of yielding them to the Government which can use them to employ "workers" to dig holes in the Sahara. But capitalism produces goods in abundance, which is what it exists for. It is the overall policy under which industry operates which causes the trouble. That policy is to use industry as a system of government, a system of keeping people locked up in offices or factories or "on site" for six or eight of the best hours of the day, to keep them out of what the authorities fear might be "mischief," to keep them governable. I want boots or cars from a factory, not a place on a committee to tell the management how to make boots or to protest against the loss of a job through the introduction of automation. But what fun is there in government if the government hasn't *power,* if people's wants are so simply provided for that there is little for governments to do?

Why the mounting crime-rates and other disorders? They are the outcome of the disparity between what people aspire to become—spiritually, but on a *secure* material foundation—and the system which robs them of their birthright. Modern taxation and inflation are outright and calculated confiscation of what people have earned. It is wicked and conscious lying to teach that taxation 'controls' inflation. What *is* inflation, that it can be 'fought?' Prices could be made to fall just as easily as they are made—yes, *made*—to rise. If they fell steadily people would become richer even on their present incomes. Government finance can be provided by means other than taxation. The powers that be know precisely how this can be done, but to do it would be to undermine their power. Inflation is a technique, or instrument, to maintain the centralisation of power.

There is not enough *genuine* work to go around; so that what is needed should go to those best fitted for it by vocation; and positions should be held only long enough for others to grow up to take their place. Higher education in the large should be for those who wish to contribute to the arts of man-kind, or to their own spiritual development.

This is not a panacea or empty and impracticable idealism, but hard practical necessity, as the Churches should be the first to recognise. For the way we are going, disaster lies ahead. We face the absolute end of Christian civilisation, which already lies dying. Yet there is still a reservoir of religious sentiment in the hearts and minds of innumerable decent people. One more generation, perhaps less, and it will be gone. Our enemies—for Christian civilisation has enemies—know this.

Let people look into their hearts and souls and behold *within* the kingdom of God. Let every man and woman know and realise to the full that in his very essence he possesses divine creativity. Let them know that God is yet creating the world, that there are glories still to come. "Fear not, little flock; for it is your Father's good pleasure to give you the Kingdom." *You,* not your rulers, who have requisitioned *your* powers to create *their* world.

The mechanical universe of the dawn of the twentieth century has vanished. The world is not like that. We have seen its nature revealed in music, in life, and in evolution. In its beginning, purely immaterial; in its existence, the materialisation of meaning, the most insubstantial and spiritual entity known to us. And we too can create and give meaning, and incarnate it in the world already created. If our creativity is of God, it is entrusted to us. "Render unto God the things that are God's", is an injunction which is anathema to politicians.

To me certainly, the idea of the whole universe starting at a specific time as a great bang is the last resort of a science which, because its methods require the exclusion of the metaphysical, has tried to believe that there *is* nothing metaphysical. But we cannot weigh or measure meaning, or gauge its depths. Time itself is a creation. If I create an idea, a meaning, but do nothing, it is timeless. When I act on the idea, I endow it with time. This book as an idea has existed as an idea for many years—not as it is now, for it has acquired and accumulated substance, and every sentence has in its own way determined what is to come.

And in this way, the beginning of the universe is timeless, before time, an eternal idea. When its incarnation began simply does not matter. When did Beethoven's last quartet begin? Do his note-books tell us?

Who can believe that the civilisation of the Middle Ages and the High Renaissance—more wonderful perhaps than that of Periclean Athens or of the T'ang Dynasty—was the creation of Government policy speeches? How much "planned production" was there then? But now we see the decay and destruction of our cities and country-sides. Small farming is "uneconomic," although mounds of vegetables rot and the farmers protest at the destruction of their *family* farms; a huge wheat surplus is a catastrophe, because it brings a "fall" in world prices. Can we not see that skyscrapers are prisons? But people are driven off the land and into cities which have become deathtraps. Pollution and smog threaten the very lives of the people—but where are they to go. They must live close to their "work," and small-scale production is "uneconomic."

I defined religion as comprehension of reality. The false economics—and political theory—which is the official teaching of our universities is a part of that reality. It is Sin on the grand scale. "By their fruits shall ye know them." By and large what people believe in regard to political economy as gospel is a carefully designed system to increase and perpetuate centralised government control over the lives of the people. Being well-fed and supplied with gadgets does not turn a slave into a free man. Independence of income does, unless a slave-state supervenes. But people are *taught* that independence of income is evil. Precisely what is required is the universalisation of independent incomes—not large incomes, but at least adequate to support life, and particularly family life, where the home should be sacrosanct.

The proper relation of a citizen to his country is that of a shareholder, not an employee. Employment is a function, and we see in the animal kingdom what happens when a function is elevated to pre-eminence. It is *not* the function of the government to "manage" the economy to maintain full employment in the face of the perfection of the industrial arts, whose objective is to dispense with "labour." It is *not* sane economics to exploit the riches of the earth at the maximum rate to improve "export figures." Fossil fuel, and even fissionable material, is, so far as is known, most definitely limited, and until it is known for certain that adequate alternatives to fossil fuels and fissionable materials are available when required, what we have should be conserved. And no doubt they will be if a police-state eventuates, as it seems it will.

Another huge misconception is the notion, sedulously propagated, that "labour" produces all wealth. Wealth—in the sense of goods available, not amount of "money" (another myth)—is now overwhelmingly the product of harnessed power and advanced technology. This is our *inheritance,* just as, with our contributions to it, it will be our descendants'; it is not government property, to be used as the government sees fit.

Access by individuals to the wealth which is actually or, perhaps more importantly, *potentially* available is, these days, primarily a matter of possessing money. A family, and particularly a family in the sense of the continuity of the generations (the family of tradition), living on productive land and accumulating possessions, increases its wealth without needing money. But as family becomes community, and work becomes functionalised—the "sub-division of labour" leading to specialisation and, indeed, loss of an individual's ability to be self-supporting—exchange of product becomes a necessity. In its origin this exchange is barter, the exchange of one product for another. But it must soon become apparent that products are not all equal—they differ in the time taken for their production, and the degree of knowledge and skill involved. Here arises the notion of *value,* and hence of relative value, which brings in the problem of measurement. Measurement in turn requires a unit of measurement. But it is impossible to conceive of an absolute unit of measurement, except by attributing it to the unit of measurement itself. And thus the immaterial idea of value materialises into the *token* of value.

In the long course of history, all sorts of objects have served as such tokens—animals, stones, shells, slaves, feathers, metals, and even human skulls. Three prime conceptions arise in this development—convenience, function, and *intrinsic* value. The development was influenced by social usages (such as marriage conventions) and religious concepts, so that money came to have both a utilitarian and a mystic content—properties it retains to this day. The utilitarian aspect is that of a medium for the exchange of goods and services, and this leads to the definition of money as "anything, no matter of what it is composed, which no one will refuse in exchange for his goods and services." This lack of refusal arises from the *belief* that the money can in turn be exchanged for other goods and services of equal "value." The mystic content lies in the concept of a monetary *standard,* the gold standard being the most familiar.

With the expansion of population, and even more with the increasing growth of both quantity and complexity of production and commerce—exchange of products—a parallel expansion of the "means" of exchange is necessary—"an increase in the world's money supply," as the economists say. But a standard of monetary value depends on the *intrinsic* value, which in turn is related to scarcity value. Thus of gold and silver, the former is more valuable, because there is less of it, just as there is less silver than copper. But even here, there is no *absolute* ratio of value. Such a ratio must be "given," by convention or by fiat. Even less is there an absolute ratio between the "value" of the circulating means of exchange, and the designated value of the "standard" of money. If there were, inflation would be impossible. It is this fact that misleads many people into believing that if exchange rates of "currency" against gold were maintained, inflation would not occur. (In fact, inflation should be called "depreciation in the purchasing-power of the unit of money," and this is due to the aggregation of costs in the course of production, resulting in higher prices. Increased wages, amongst other costs, go into the aggregate, and thus raise prices. More "money" is then required to maintain distribution of products. "Inflation" thus is a consequence, not a cause of there being more "money" in circulation *in a competitive market.*) At present the ratio of the value of "the means of exchange" to the value of gold is entirely by fiat, as in "devaluation" or "revaluation" of a currency.

But as noted earlier, particularly since the industrial revolution, the growth of "production" follows an exponential law, whereas the accumulation of gold is a more nearly linear function. The expansion of the need for the "medium of exchange" is related to the expansion of "production" *and its cost,* or price (minimum price at which goods can be sold without incurring a book-keeping, or accountancy, loss), and hence outstrips the accumulation of metallic currencies, which have long since become inadequate for the needs of society, and have been almost totally superseded by printed paper units of "money." The intrinsic value of a dollar note is infinitesimal in comparison with a gold dollar, and is not exchangeable for one; and even gold dollars, like sovereigns, have been absorbed in bullion, which circulates only internationally. Even a good deal of that circulation is imaginary, being represented by what amounts to an exchange of letters between banks. The gold remains in, say Fort Knox, but the ownership of some of it, or claims on it, are transferred from *y* to *x*.

This, however, is far from the end of the story. In modern parlance, "money" is regarded as comprising "reserves" of currency, for the most part held in banks, but also represented by capital assets, such as bank properties and Government and other "securities" (the latter representing the Government's power to levy taxes); and the "circulating medium" of exchange—that is, the medium through which goods and services are exchanged, or debts or other obligations (such as fines or taxes) discharged. Yet even this "circulating medium" consists of "currency"—i.e., notes and coins—and "demand deposits," which circulate, or are exchanged, by means of cheques. But here a curious and vital question emerges: How do demand deposits come into existence?

(Continued on page 7)

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Trades Unions

We repeat two pungent "Week to Week" notes by C.H. Douglas, which originally appeared in these pages on the dates shown in brackets after each item:—

"Axioms" of Society. No. 2 "Trades Unions are necessary and desirable, and are an indication of a progressive community". (Trades Unions, in the British sense, have been abolished in Russia, the Socialist paradise.)

Perhaps few subjects are so little understood by the general public, and even by trades-unionists themselves, as trades-unionism. Its activities may be classified as (1) Intimidation of non-Trades-Unionists. (2) The exaction of tribute. In America that amounts to sheer blackmail accompanied by threats and violence, both to employers and employed. (3) The provision of a rapidly increasing number of well-paid bureaucratic offices. (4) The restriction of output to bolster up a large labour-force and maintain political power. (5) The transfer of the independent status of the craftsman to the Trades-Unions. (6) The raising of the commodity-price of labour at the expense of the public. (7) The robbery of private property, jointly with the Financial-International Cartels, and its transfer to the Trades-Unions. The first steps in this final item are forecast in the present Government programme.

(Sept. 22, 1945.)

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The fact that War is the end term of a series leading up to it obscures the fact that it is the series, and not the end term, which is the major problem of the world. Anyone who will devote a little attention to history and fact can ascertain for himself where this series begins. It is at the point at which it is, or is judged to be, more profitable to get a living by taking it off someone else by force or fraud than by making your own. The next link in the series is to organise your neighbours to join you in banditry. The remedy is not in more organisation but in less. One bandit amongst a busy, normally peace-loving, community, is no problem. The general community is peace-loving; it is the bandit-organisers, *e.g.*, the Trades Unions, who force him to break the peace. A clean-up of the conscious and purposeful banditry would help; but the essential is to cripple their organising mechanisms, which have been tripled by our present Administration. Some of the members of it may be well-meaning coxcombs; some of them are bandits; but they are all deadly enemies of the decent citizen.

(Jan. 4, 1947.)

On Democracy

The letter which follows, dated 16th December, 1984, was addressed to Mr. Paul Johnson, a contributor to *The Daily Telegraph,* London:

Dear Mr. Paul Johnson,

In the course of your very interesting article "Time to confront the fascist Left" (Saturday Column, *Daily Telegraph,* 21st November, 1984), you write, "What I have in mind is that all active men and women should be asked to sign a simple pledge, in which they acknowledge their support for parliamentary democracy, for universal suffrage, the secret ballot, and the British system of law, and express their willingness to defend these things."

You end your article, "My hunch is that the decent overwhelming majority in this country have been horrified by the growth of political violence, are upset that the Government has not done more to stop it, are angry that those who organise it are still at liberty to do so, and are frustrated that they themselves have no role to play in stemming the violent tide. I think they might welcome the opportunity to put their names to a democratic pledge, as one way of expressing their feeling of outrage. At any rate, it is an idea worth thinking about."

Your article raises questions of fundamental importance. With all due respect, as one who shares your anger, feeling of outrage and frustration in face of violence and inadequate response by the Government, I would ask if democracy would survive even if a large number of signatures to a pledge worded as above were obtained.

Considering the term "Parliamentary Democracy", did not the late Harold Laski exult in the position that "the core of the British Constitution is the supremacy of Parliament", meaning that Parliament is quite unfettered in what it can do?

To save time, I venture to place before you the following quotations which have a bearing on the matters raised in your article:—

"Democracy is frequently and falsely defined as the rule of the majority — a definition quite sufficient to account for its unpopularity with many persons whose opinion is not unworthy of consideration . . . Real democracy is something different, and is the expression of the *policy* of the majority, and, so far as that policy is concerned with economics, is the freedom of an increasing majority of individuals to make use of the facilities provided for them, in the first place, by a number of persons who will always be, as they always have been, in the minority."

— C.H. Douglas; *Credit Power and Democracy* (1920).

"On matters of policy, however, in sharp contradistinction to the methods by which that policy should be carried out, the majority may be trusted to be right, and the minority is very frequently wrong. To submit questions of fiscal procedure, of foreign affairs, and other cognate matters to the judgment of an electorate is merely to submit matters which are essentially technical to a community which is essentially nontechnical. On the contrary, broad and even philosophical issues, such as, for instance, whether the aim of the industrial system is to produce employment, or whether it is to produce goods, are matters of policy, and it is very noticeable that such matters are kept as far as possible from the purview and decision of the general public. In fact, the aim of the political wire-pullers is to submit to the decision of the electrate, *only alternative methods of embodying the same policy."*

— C. H. Douglas; *Social Credit* (1924, First Edition)

"Assuming for the moment . . . that the will of the people expressed by their votes, must prevail, there is no doubt that the defeat of the power of political caucuses to draw up the agenda of an election is the immediate objective. The exact method to achieve this end is immaterial so long as it is attained. The invalidation of an election, if less than 50 per cent of the electorate voted on the issues submitted to them would be as good a method as any other. The recognition of the danger to the Hidden Government which is contained in some such procedure is no doubt responsible for the proposal (and in certain areas, the Law) constituting abstention from voting a penal offence".

— C.H. Douglas; *Social Credit* (1924).

"Hence we see that the last word on *policy* is with finance, not with administration, and is concerned with the control of credit by the banks; and to democratize the *policy* of production we have to democratize the control of credit."

— C.H. Douglas: *Credit Power and Democracy* (1920)

". . . Orthodox economic theory attributes to money much the same sort of contradictory properties as physicists once attributed to ether; but of course, money does exist. The point is that money is not properly a component of basic economics; its field lies in the realm of politics. Money fundamentally is a *claim on potential* production; and politics is concerned with channelling those claims.

"Thus the purely economic content of Douglas's writings is quite limited, and his major contribution was to the theory and practice of politics. He rapidly arrived at the conclusion that ballot-box democracy was the perfect swindle by which identical policies — mainly of centralisation — were presented to the electorate under the guise of alternative methods. Although his original economic proposals received some publicity, his political views to which his economic ideas were quite subordinate were completely censored by the mass media.

"But the matter is on the public agenda at last, in the form of an article entitled 'The Tyranny Called 'Freedom' by Anthony Lejeune in the *Daily Telegraph Magazine,* Sept. 26, 1969. Mr. Lejeune makes many, but not all of the points Douglas has made, and in particular, he seems not to see the design behind the tumult. But he exposes the chief logical fallacies of ballot-box democracy, including the disfranchisement of the electorate when the major parties have the same policy, and he recognises that democracy is not a way of making right decisions, nor is it the same thing as social egalitarianism. Having defined democracy thus negatively, he says what there is to be said for it positively:

'It is . . . a method of choosing and changing rulers without violence and in certain circumstances, it may be the fairest way of making a decision. These circumstances are, among others, that there should be some real need for a universally-enforced decision; that all the voters have a more or less equal grasp of the problem; that they are reasonably homogeneous and not divided into permanent and conflicting interest-groups; and that they will all be affected to a more or less equal extent by the decision.

'When these circumstances do not apply, a majority decision is merely mob rule in respectable dress, the legalised oppression of one group by another.'

"This is almost precisely what Douglas has said, but the probability is that Mr. Lejeune has arrived at his specification independently: and if this is the case, it bears witness to an underlying reality as opposed to a bit of mere political theory.

"Douglas made a number of proposals to mitigate the evils of ballot-box democracy, including the open recorded electoral vote and secret Parliamentary vote; but in 1950 he wrote: 'There can be no greater practical mistake at the present time than to suppose that Social Crediters can usefully engage in what Lord Keynes called Essays in Persuasion directed to the conversion of conscious opponents. The die is cast; whether the phrase "the war between Christ and anti-Christ" is taken to be symbolical or literal, one side must win . . . our task is *not to capture politics,* but to fragment them.'

". . . . The Labour Party is not *sui generis,* but an off-shoot of the Fabian Society, with its Research Bureau facilities . . . The Fabian Society envisages Communism — a State, preferably or eventually a World State, of workers and managers, achieved by 'peaceful' and piece-meal means; and it has very nearly finally accomplished this aim. The greatest threat to its accomplishment has always been private independent incomes . . .

"The real alternative to Socialism's proposals is the *universalisation* of dividends, which is an absolutely proper accounting of the nation's accumulation of *real* capital over the centuries. The individual share-holder has always been insignificant in industrial management which, in any case, is a matter for industrial experts.

"Mr. Lejeune correctly identifies the main objective of society as freedom of the individual, and it is to this that Socialism is implacably opposed.

"In 1919 *(Economic Democracy)* Douglas pointed out that the basis of freedom is *economic* and, much later, that political democracy without economic democracy is dynamite. The destruction of economic democracy, and the permanent enthronement of a system of rewards and punishments masquerading as Full Employment, is preciselv the objective of political ballot-box democracy . . . ."

—B. W. Monahan in *The Social Crediter,* 1st November, 1969 and included in *The Survival of Britain* (1970)—Contemporaneous Commentaries on linked events of 1968-1970—Part II Realistic Economies "The Economics of Disaster".

To conclude, may I draw your attention to the enclosed pages of *The Fig Tree,* New Series, No. 1 (June, 1954) which contain part of an article "Food and Finance" by T. N. Morris, since in addition to a number of matters relevant to your *Daily Telegraph* article, reference is made to Winston S. Churchill's Romanes Lecture (1930) which was entitled "Parliamentary Government and the Economic Problem". On pages 34-35 of the *Fig Tree* issue just mentioned appears the following, "Douglas's experiences placed him in a unique position to observe and identify the 'forces' and personnel concerned in this thwarting of democracy [*]. He concluded that they were not unconnected with some of the forces of lawlessness enumerated by Churchill, and that they could also be seen attacking the bulwarks which give protection against despotic power, wherever these stand in their way and, particularly, as eminent lawyers like the late Lord Hewart and Professor Keeton have shown, the Consitution and Common Law in Great Britain and the British Empire.

"Douglas urged therefore that, as a first step, the supremacy of the Common Law over any majority in the House of Commons

[*] "It is, in fact, one thing to discover a remedy and quite another to get it adopted and probably no man had more reason to be aware of this difficulty in the political field than the late C. H. Douglas who saw his proposals rejected by various official committees and by two committees of Labour Party economists. In addition, all attempts to test them in the province of Alberta, Canada, were subjected to veto by higher political authorities, in spite of repeated overwhelming majorities in their favour in the provincial legislature; while at the same time the impression that they had been tried and failed was widely disseminated."

should be restored. In his Romanes Lecture Churchill had suggested that democracy loses 'much of its authority' when based on universal suffrage. Douglas went further and believed that any hopes placed 'in an appeal to an anonymous, irresponsible and misinstructed "ballot-box democracy"' were doomed to failure. He did not, however, propose to abandon the idea of democracy but rather to strengthen it by *'making the individual voter individually responsible,* not collectively taxable, for his vote.' [The article details the proposal.] The procedure would give meaning to democracy by ensuring individual responsibility for the results of voting as for other human actions . . . Moreover the procedure could hardly fail to stimulate keen competition between the various party leaders, and representatives not only to propose but *to bring into effect* sound measures of real and tangible value and, *no doubt, in the atmosphere created, the real remedy for our economic troubles would emerge . . . .*"

Thanking you for your concern and trusting that you will not consider this letter presumptuous,

Yours truly,
BASIL L. STEELE
LONDON

Towards Tomorrow

(Quotations are translated from the French)

Vers Demain, (Maison St-Michel, Rougemont, P.Q., Canada JOL 1MO) announces itself as "the paper of Catholic patriots for God's Reign in souls, families and countries and for the economic reform of Social Credit, through the vigilant action of heads of families and not by means of political parties."

Vers Demain for January-February, 1985 calls upon its readers to assemble at Rougemont on Sunday March 24 to celebrate the centenary of the birth of Louis Even, and the fiftieth anniversary of the beginning of his life-work. Born on 23 March 1885 in Britanny, "Louis Even came to know the doctrine of Social Credit, conceived by the great engineer who was Major C. H. Douglas" in the autumn of 1934. "Louis Even immediately understood that Social Credit was the inspired, radical solution to remedy the world economic crisis which was raging at that time. He was shaken in his whole being and at once took up his pilgrim staff to carry this light to the world." So writes the present Editor of *Vers Demain,* Madame Gilberte Côté-Mercier, telling how from then until 1938 he gave up every weekend and most evenings and whole nights, then, relying on Providence he gave up his daily work to give his whole time to his mission. In September 1939, with the help of Gilberte Côté he was enabled to found *Vers Demain.* (Now, together with the Canadian-English partner paper *Michael,* 150,000 copies are printed.)

"Louis Even was a master who made himself understood and loved by all in his speaking and he was a writer of genius . . . . above all he was an entirely true man, true in his intelligence and true in his will. He wished with all the strength of his being to carry the light of Social Credit which he had found on his way, to others. For him that meant sacrificing all his comfort, personal safety, even his salary, everything, to make himself the unreserved witness of truth and justice. A witness in all public places . . . . he suffered all kinds of persecution, treachery, lying denunciations . . . . the pilgrim is one who leaves his comfortable home, who goes off without shelter, begging his meals and nights, to carry light to other men, his brothers. Such was the life which Louis Even lived . . . he strewed prayers on his way, and the pilgrims whom he formed, for he had many disiciples who followed and who still follow him" are deeply devoted also. "Pilgrim warriors . . . brave witnesses of truth . . . ."

"We follow the example and the direction of Louis Even who continued his fight without flinching for forty years . . . with the weapons of a hero, the weapons of a saint."

The full-time pilgrims have themselves built two great houses, residential centres for these full-time workers and the base for their work, the Maison Saint-Michel and the Maison de L'Immaculée and to the latter other followers will assemble from afar to honour Louis Even, to give thanks and to celebrate all that his living influence continues to do, on 24th March.

In this issue of *Vers Demain* Gérard Mercier adapts the old French New Year greeting, to his readers: "A good and happy year dear 'créditistes', joy, health, Social Credit this year and Heaven at the end of your days"! He also further shows the simple reliance of these "warrior pilgrims" on the invisible powers which we tend to neglect, as he says, "Let us mobilise all our guardian angels . . . ."

The edition contains a whole article written by Louis Even in 1961 — a sub-heading reads, "A 'Quebec-Credit' to provide monetary current to the population of the Province, as 'Hydro-Quebec' provides its electric current". Three quotations: "but why this short-sightedness which sees nothing beyond rates and taxes as a means of exploiting the existing physical resources to provide the people with the goods and services they expect from their government and public bodies?"

. . ."The possibilities of production which, for lack of financial credit, lie idle in face of public and private need, are a crying accusation against this restriction of credit. It is depriving the population of the use of its own possessions. No government worthy of the name ought to continue to countenance these conditions.". . ."It has been demonstrated that the institution of a provincial system of this sort is not at all anti-constitutional. For its operation it needs only the collaboration of the government to set it up and the population to use it."

Leaving other items which one is tempted to quote, here is the essence of Alain Pilote's article, which is "right up to date"!

"'Canada has not enough money to create the two million jobs which it needs.' 'One single unemployed man in Canada is one too many.' Such are the words which Prime Minister Brian Mulroney addressed to his electors of Sept-Iles, on 7th December, 1984. (*The Tribune,* Sherbrooke, 8th December, 1984)."

After referring to the action of Lincoln in 1860, and quoting the words of Jefferson in 1800, M. Pilote:— "In the Spring of 1939, the Governor of the Bank of Canada, Graham Towers, was giving witness before the 'Comité parlementaire de la Banque et du Commerce': Question: 'Why should a government having the power to create money give up this power to a private monopoly, and then borrow what the parliament could itself create, and pay interest up to the point of national bankruptcy?' Towers: 'If the government wishes to change the form of the operation of the banking system, that is entirely within the power of the parliament'."

M. Pilote returns to Mr. Mulroney. "To say that Canada is short of money is already not very intelligent, but to wish to give work to two million unemployed people is madness, extreme madness, it is to take no account of the reality known as technological progress. Industry does not exist to make jobs but to provide products. And if these goods can be made with less manpower, so much the better, man will be able to devote himself to other activities rather than 'earning his living', free activities, of his own choice . . . It is idiotic to wish to make everyone work when production needs less and less people. It is to keep men enslaved when the machine ought to make man free. The prime stupidity is to have the only income connected with employment when automation is more and more eliminating the need for employment. For this reason an additional income, unconnected with employment, is necessary. A salary for those who are working, yes, but a dividend for all to buy the fruits of the machine and chiefly because everyone has the right to live."

M. Pilote quotes the front page of *Le Soleil,* Quebec, 4th January, 1985. "A large number of liberals believe that the guaranteed annual income — a minimum income to which each man and woman would be entitled, is the formula for the future. According to Mr. Armand Bannister, President of the 'Reform of the Liberal Party of Canada', the question of unemployment can no longer be regarded . . ." as it was in the past . . . "Can one continue to pretend that each man and woman has the right to a job? Mr. Bannister replies that it is an unrealistic hope in the context of the technological era." So M. Pilote continues, "Come out of the moon, Mr. Mulroney . . The liberals call it 'guaranteed annual income'. Social Crediters call it 'dividend' and for Heaven's sake don't ask where to get the money from, all that is settled! The only question to be asked would be, where to get the goods? But in Canada, that is no problem. Social Crediters call this income a dividend, you will call it what you wish, the important thing is that you give it to all Canadians!

"A dividend for all . . . because Canadians are co-heirs to the natural resources and captital technological progress. All capitalists. Isn't that the best solution to oppose to Communism, Mr. Mulroney?"

The House of Commons and the Bank of England

A letter of 1706, quoted from *An Autograph Collection* by Lady Charnwood (London, Ernest Benn Ltd., 1930)

(Joseph Addison, 1672 — 1719, essayist, poet and statesman, was 'an unobtrusive secretary' to the first Earl of Halifax, when the latter was sent on a mission to the Court of Hanover. Addison charmed the old Electress, Sophia, of Hanover, who was the mother of the future King George the First. Charles Montague, the first Earl of Halifax, was the founder of the Bank of England and of the National Debt.)

Sir,

My Lord Hartford desiring me to enclose this letter to the Electress makes me take ye same opportunity of troubling you with a Line. The House of Commons have bin today on a project against renewing the Banke which gave the Whiggs great uneasiness but after a very long debate to a very full house they carried it by Five and Twenty voices. It is a dead time for news so that I have nothing further to add but that I am

Sir,

Your most humble Servant

Feb. 14, 1706-7 J. ADDISON

AN INCREMENT OF CREATIVITY *(Continued from page 3)*

At first sight it appears that banks are store-houses of money. The money consists of the "reserves" of the bank, and money stored in the bank by members of the community —put there for safe keeping. Such money is regarded as "idle"—i.e., it is not circulating, and therefore not *functioning* as money. But some people have need of money in excess of their incomes—say to build a house, or to establish or extend a business. The bank therefore on certain terms and conditions "lends" them the idle money.

That is the appearance, but not the reality. The bank does not, in fact, lend "money" at all; it affords a facility. It says, in effect, to an approved customer "If you issue a cheque for a sum of money in excess of the sum you have deposited with us, we will treat that cheque (up to a stated limit) as money, and will credit it to the account of whoever presents it to us, be it one of our own customers, or another bank. We will record this transaction as a debt owing by you to us, to be repaid within a certain time. We will also charge you a percentage of the sum involved, calculated at a certain rate *per annum,* but chargeable daily on the amount outstanding. If you do not repay, we will foreclose on your real assets."

The all-important point here is that in affording the facility, the bank does not reduce the sum of "deposits" it holds; but when it "honours" the cheque, an increase in the sum of deposits is recorded, either in that or another bank. On the other hand, when the 'debt' is repaid, the sum of deposits is reduced to what it was before, *except by the amount of interest paid,* which thereby becomes a permanent addition, one way or another, to the supply of "real" money. This procedure has given rise to the now well-known expression: "Every loan made by a bank creates a deposit, and every repayment of a loan made to a bank destroys a deposit." This is a convenient but not quite accurate statement. The customer who writes the cheque against the 'facility' creates the 'money;' this cheque "circulates" and functions as money, or cash, enabling the exchange of goods and services. As such, it has an ephemeral existence. Once it is deposited with a bank, it ceases to function as a circulating medium. It is not re-issued, as a currency note is. Although it is stored as a record of a transaction, its nature as *money* has gone. It is "money" only so long as it is outside the bank. It may pass through two or three hands, effecting exchange of goods and services, but its 'life,' unlike the life of a metallic coin or a printed currency note, is a matter of days. But as well as effecting an exchange of goods or services, or possibly several exchanges, it sets in operation a system of accountancy. So long as the rate at which bank "loans" are made exceeds the rate at which they are repaid (as it must, if interest is to be paid on top of the debt, otherwise the system would choke to a halt) the sum of "demand deposits" increases, and the effect is that of an expansion of the "money-supply," and *vice versa.* In general, and over and above interest, the loan rate does exceed the repayment rate, so that the amount of "money" in existence does increase beyond the increase provided by mining gold, silver, and copper. The rate of increase is, however, subject to "policy," which is determined between Governments and Central Banks. However, the interest charged on "loans" is not subject to cancellation; it becomes "real" money, and is added to the "capital" of the bank. If the bank spends this "capital," or pays it out as dividends, the community comes into possession of additional "real" money, just as it does when gold or silver is mined and "put into circulation," or currency notes are printed and circulated.

By now, the ratio of 'ephemeral' money to 'real' money is enormous. Because of its long lineage and ancestry—the Greek word *pekus,* meaning ox, enshrined in the word "pecuniary," bears witness to the ancient concept of money —money retains the mythical quality of reality. But the operation of the "financial system" is overwhelmingly the operation of a system of accountancy. Man cannot alter the *fact* of gravity (though he can re-formulate the 'Law' of Gravity), but the 'laws' governing the operation of the system of accountancy are man-made laws, or regulations deriving from those laws. That is what makes it possible to have a "financial policy." And, indeed, financial policy is the over-riding policy, for it is looked on as "governing" industry and regulating a wide range of community or individual activities. Thus a government may decide on "a period of rapid . . . or steady . . . or restrained 'expansion' "—mediated by "easy credit" or "low interest rates" on the one hand, or restricted credit and high interest rates on the other.

In the real sense, wealth is the ability to provide and deliver goods and services. The general 'law' governing its increase is the exponential law—its rate of growth is proportional to its state of growth. The actual limit to this law is the availability of resources. Resources include raw materials, power, and technological ability. The natural increase, and the direction it takes, is restrained, or governed, by "policy," much as a gardener prunes trees and shrubs. Or it might be said that the relation of a government to "the economy" is the relation of the rider to the horse. That is to say, the essence of government, as presently conceived, is restraint and direction. And the chief mechanism of this restraint is central control over the supply of money.

Now just as a belief in a religion is a cugene, so a man's or a people's belief about money is a cugene. Because control of money is so powerful and so subtle an instrument of government, a certain mystical and mythical quality of belief is promoted and sustained in men's minds, so that they believe that money is in some sense real, whereas it is really almost wholly accountancy. People do not think they are talking nonsense when they speak of a multi-millionaire "having millions." But in fact the multi-millionaire *controls assets,* 'valued' at any given time as worth x million dollars. He would find it hard to obtain *cash* for all those assets. On the other hand, a change in the Law might deprive him of them.

If value does not inhere in money, where is it to be found, and how measured? It is to be found in the *objects* of exchange. People work primarily to obtain personal possessions, beginning with food, clothes and shelter, and ascending through tools to "save labour" to more complex possessions, such as labour-saving appliances and motor-cars and boats to objects of art or instruments of music.

The "measurement" of the value of various objects is to be found in the concept of *ratio.* The importance of ratio is that it is independent of any particular unit, so long as it is the same unit. Thus the ratio of the diameter to the circumference of a circle can be expressed in various ways and can be symbolised and take its place as a number in the ordinal numbers. So: How many bicycles are equivalent to one motor-cycle? How many motor-cycles to one motor-car?

Now what of money? Whatever it was originally, it is now chiefly a *unit of accountancy.* The ratio of cash (notes and coins, but excluding demand deposits) is, compared to the accountancy 'value' of 'capital assets,' insurance 'funds,' and demand deposits, minute. Gold, the only 'money' with a significant inherent value, is only a small fraction of cash. But together cash and demand-deposits effect changes in the accountancy "books"—ledgers, balance-sheets, assets and liabilities, etc.

The exchange 'value' of an object is "accounted" by aggregating the 'costs' incurred in the course of its production, and these costs are *recorded* in terms of monetary units. Not all costs involve cash-disbursements; the aggregating costs are transferred in the various stages of manufacture; practically, only payments made to individuals involve cash disbursements, and not even all of these; salaries may be "paid" by an order on a bank to credit an individual's account; and the order may in fact be against the 'facility' of an overdraft, thus increasing demand-deposits. Other elements of cost involve such things as the cost of raw materials, the use of power (oil and electricity), transportation, rent, and charges *allocated* (not distributed at all but hypothecated against future income derived from sales) against the depreciation and eventual obsolescence of capital items—plant, office equipment, buildings, etc. If a bank overdraft is involved, or "money" borrowed elsewhere than from a bank, interest is also one of the costs of production. Higher interest rates result in higher prices. When industry is financed by funds subscribed by share-holders, dividends paid on the shares are equivalent to interest paid on borrowed money, from an accounting point of view.

With the increasing complexity of the methods of production—the more machines relatively replace men—the greater the proportion of total cost represented by aggregated costs and "allocated charges" as against direct payments made to individuals; and it is payments made to individuals which make up the *cash income* of the community. So in any given period of time, total "costs" of total production exceed the cash income of the community. But of course the individuals of the community are not expected to buy "all" of the production; they buy only what is of use to them as individuals. But as practically the whole of the cash income derived from "all" production (*personal* savings as against *institutional* savings representing the difference) is paid away for items of personal consumption (including relatively durable items such as houses, furnishings, tools and cars, etc., but which "wear out" or become obsolescent) the community gets possession of, or—a more important concept—control over only a part, and a diminishing part, of total production, even if the "standard of living is rising." The point is that the standard of living (including the distribution of leisure) is not rising as fast as it might, in relation to the possibilities. That is to say, the accounting system of itself gives rise to a disproportionate emphasis on capital production. This fact, once hotly denied, is now justified in such terms as "expanding the economy", "providing employment" and others of the current jargon.

What does it mean when a car bought say ten years ago for two thousand dollars today "costs" three thousand dollars? True, in the ten years the car may have been "improved"—but almost certainly not to the extent represented by the relative prices. In any case, the cost of food and clothing, which do not improve very much in "value" for money but which, with housing, account for a great part of personal expenditure, rises in proportion to the rise in the cost of more durable items. All this is reflected in a loss, or depreciation, in the "value" of money. The *purchasing-power* of the unit of money is lowered. This is called "inflation"; but it is not a "natural phenomenon"; it is a consequence only of the *system* of accountancy.

Thus "purchasing-power" should properly reflect man's increasing control over his environment, as manifest in the ratio of mechanical "horse-power" energy to human energy, just as a longer lever enables the lifting of a heavier weight. A realistic system of accountancy should reflect, to the individual's benefit, this increasing "purchase" of human effort. Money should *gain,* not lose, "value" (as measured by its purchasing-power).

(To be continued)