

THE SOCIAL CREDITOR

FOR POLITICAL AND ECONOMIC REALISM

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Who Shall Control?

Many people who have a partial grasp of Major Douglas's demonstration of the automatic shortage of purchasing power fail to grasp the implications. Any reader who is not quite conversant with that demonstration should look it up and read it again (*e.g.*, *Credit-Power and Democracy*, 4th Ed, p. 20). The end of the last sentence of the demonstration is: "since A will not purchase A and B, a proportion of the product at least equivalent to B must be distributed by a form of purchasing-power which is not comprised in the descriptions grouped under A." Most critics of Major Douglas fail to comprehend this statement, or overlook it, or ignore it. Douglas does not say that at all times there is a shortage of purchasing power to buy the goods offered for sale to the public; yet time and time again Douglas's demonstration is wrongly paraphrased in this way.

The whole point is that when consumable goods are put on the market for sale to the public, the latter no longer have in their possession the purchasing power issued in producing those goods. That money was spent as earned—savings can be ignored—a week, a month, a year, perhaps a decade before. To be able to buy the goods, the public must get the money elsewhere, *i.e.*, from a source other than the wages, salaries, and profit paid out in producing those goods. In almost every case the supplementary source is more production, wanted or unwanted, useful or injurious. It is this *compulsion* to produce more, that is so objectionable a feature of the present financial set-up. It makes the controllers of money into dictators. It is they who can dictate how much wealth shall reach the public and what the nature of any further production shall be.

Before considering this aspect further, let us consider some examples, recently put forward by a genuine and honest enquirer, who failed to see the implications. He assumes that a tree is felled and dining tables are made of the wood. He continues: "Undoubtedly the money earned in felling the tree will have been spent long before the table in question appears in the shop window; but it must be borne in mind that while the table is on view for sale there will be available for spending among the public money that will have just immediately been earned in felling another tree, the proceeds of which are not at the moment available for sale as a finished article." In other words the tables cannot be sold at the rate of natural demand for them; but at the rate at which future tree-felling is financed. More trees *must* be cut down before existing tables can be sold.

The same enquirer puts forward another example: "If in executing a contract, say, for a thousand suits, a clothier

pays out in wages £1,000 a week for five successive weeks, making a total in all of £5,000, is one to conclude that there is a discrepancy of £4,000 between purchasing power and goods for sale if that £1,000 in weekly wages has circulated between the bank and the public five times? That may be true in one sense; but one has to remember that those suits are expected to last for five weeks until they are replaced by a succeeding batch. Therefore if during that period an average of a fifth of that number of suits is sold each week this amount in cash will be earned each week by the same employees in executing a further contract." He admits the shortage of purchasing power and the compulsion of making more and more suits to allow those already produced to be sold. The suggestion that there is a shortage and asking "what does it matter?" is a type of criticism that has been put forward many times. The very existence of compulsion which gives financial control to men who are interested only in finance is objectionable; but that is not all.

In both examples there is the facile assumption that the only outlay in manufacture is wages. Except in some professions and a few arts and crafts such an assumption is incorrect and most misleading. In practically all industries there are considerable overheads. They all use machinery, to say nothing of the factory buildings themselves. All that capital was made in the near or distant past and the purchasing power issued in their production has long since been spent. But charges on account of them still go into costs. The wages, salaries and drawn profit *in any given period* must equal the accumulated wages charges plus overheads included in the price of consumable goods if these are to be bought. In other words the gap is temporarily bridged by increasing future gaps. In closing the gap capital goods, *e.g.*, buildings, machinery, are manufactured that, as figures show, are constantly reducing the wages, *etc.*, content of costs.

We can admit that the automatic and progressive shortage of purchasing power has in a way been beneficial. Thanks to it this and every other industrialised country was forced to build up the vast capital productive machinery we see all around us. There are however limits to this process. There comes a time, in Great Britain it came about 1910, when the productive capacity is such as to satisfy the demands of the public for necessities and reasonable luxuries. From that moment onwards it becomes essential to finance leisure and no longer only work. It did not happen here or anywhere else and work became work for work's sake, not for the benefit of any results of work. Planned destruction in peace and war had to be introduced

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From Week to Week

What was the original objective of what are now known as the Social Credit proposals? It is stated quite explicitly in Douglas's first book on the subject, *Economic Democracy*: to provide the conditions in which each man might pursue freely his own self-development. And if Christianity is anything but "a set of interesting opinions," those are the conditions necessary for Christian development.

By the beginning of this century, the physical basis of this essential freedom had developed sufficiently to make its wide distribution practicable; and the evolution of the Anglo-Saxon character and institutions, in particular, had developed in a direction on the whole favourable to a fresh flowering of human personality. The 1914-18 war was a devastating blow, but even so, the Social Credit proposals of 1920 had every chance of effecting an orientation towards a better world.

It is most probable that the application of the original proposals now would make a bad situation fatal. Two generations since then have been systematically mentally poisoned by propaganda and experience. There is no doubt that the 'man-on-the-street' now has an entirely different mentality and outlook from the man who returned from the war in 1918. The attitude to property, to work, to responsibility, to morality and to Nature has changed completely and disastrously.

Now while it is true that a bad economic system is making things worse day by day, and that a system at least arithmetically correct is a prerequisite of recovery, the vital necessity for the Social Credit Movement is to ally itself with and fortify whatever cultural forces exist from which a restoration of a genuine culture may germinate; or else to be such a cultural force. Mere technics will not save us.

At the present time, any Government, even a 'Social Credit' one, would be simply the manager of a managed economy; and *not* its director. What is necessary now *cannot* come from Government. Social Credit was designed for free Society; but we have the Welfare State. And until men, and their institutions, disengage themselves from the Welfare State, of which, at present, they are increasingly mere functions, there cannot be Social Credit, or freedom.

We cannot (at least in our more charitable moments) make out why it is that Social Crediters so often act as though they believed that Douglas's not infrequent hints concerning manners and behaviour refer exclusively to our opponents, or (if commendatory) exclusively to Social

Crediters. Take, for example, the very last paragraph of *The Big Idea*—

"And the root of the matter is—mind your own business, and allow no man to make a business of minding you. Listen, in reason, to what advice seems to be backed by proper experience and ability, and pay no attention to windy idealism. And then—mind your own business. It is in sore need of your attention."

Surely, if that is sound advice at all (as we believe), it is just as good advice to 'the other fellow' as it is to you, and to you as it is to 'the other fellow'? Perhaps, like many other things, it is easy enough in theory, but difficult to practise. Douglas, by the bye, did not found the Social Credit Secretariat to mind other people's business but to mind its own. There were several negative indications, equally applicable, defining the nature of the business it was to mind. "We," he said—that is himself and the Secretariat (and the Secretariat's supporters)—"We are not Ishmaelites." (Who would believe it?) Again, "We are not reformists." And there were other definitions of what we are *not*. What are we?

That astonishing portent, M. Gustav Thibon, has a footnote to a short paragraph of his chapter, "Christianity and the Democratic Mystique" in his book *Back to Reality*, which is interesting in contrast to the moronic reactions of even the intelligent *non-voter* in this country whenever what we call "A Light Horse" is mentioned. It is this:

"This corruption of the religious sense is the only explanation of institutions so absurd as universal suffrage, in its present abstract and inorganic form. We have grown so used to the thing that we find it hard to measure its extravagance. It is obvious that political wisdom—quite as

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THE FIG TREE

A Douglas Social Credit Quarterly Review.

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The Source of Authority and the Nature of the Moral Law

From Mr. John M. Macara, Burwood, N.S.W., we have received a copy of a circular dated July 25, 1955, reading:

Among Christians there is an ever-growing uneasiness that all is not well with the Christian Church. There is a feeling abroad that the Church is not devoid of responsibility for the stark chaos abroad in the world to-day; that in some tangible way the Christian Church has failed us.

But concurrent with this uneasiness and sense of failure, there has arisen, a voice, at first very small, but rapidly growing in volume, demanding of the Church that it assumes its rightful role as ambassador of Christ, and speaks with *Authority* in relation to the Moral Law.

But there are those who react coldly to the word "authority"; they have vivid and unhappy recollections of undue trespass upon their rightful liberties, perpetuated by "authority," exercising the false sanctions of man-made law.

In these days of "democracy," when rule by the majority has been elevated to the status of a religious cult, when mob-rule has become the accepted order of the day, we must submit ourselves to some hard thinking before we may discover the feet of clay upon which acceptance of the value of majority-rule is standing.

Majority-rule is based upon a totally false conception that one man's opinion is as good as another's. But it is only in the realm of the mind, and of controversy, that this fake conception holds sway. In the realm of practical affairs its absurdity is quickly revealed. For instance, if our electric service fails us, we do not take a "vote" to decide what shall be done; in practical affairs, we realise that the opinion of the ignorant has no value in comparison with the opinion of the expert, the electrician. We therefore proceed to abide by the voice of *authority*.

But we must be very careful as to the nature of the sanctions with which we clothe authority, or with which we permit it to clothe itself.

Fundamentally there should be NO sanctions other than those of the natural law. For instance, the electrician is entitled to exercise the following sanction, *i.e.*, he may say "If you do not choose to acknowledge the superiority of my knowledge, (*i.e.*, my *authority*) and decide to forego the necessary repairs, the *natural law* will assert itself, and your house will be burned down." In this case the sanction of authority is based upon *natural law*.

In the foregoing we have considered the nature of *authority*. Its only true basis is to be found in superior knowledge of *natural law*. Let us now proceed to consider the nature of *natural law*, and then proceed to consider the nature of *moral law*.

As an example of *natural law*, we have the law of gravitation. We are free to transgress it, but if we do so the physical consequences assert themselves immediately. We may place our hand in the fire, but the consequences are immediate and inevitable.

But there are fields in which the results of violation of the natural law do not obviously and immediately follow. In the early days of investigation of the nature of certain rays, scientists were injured because of their lack of knowledge regarding the operation of natural law in this field.

The *moral law* is of the same nature as the *natural law*; it is a section of the *natural law*; the nature and action of the moral law is built into the Cosmos; it is no more the subject of opinion than is gravitation. Its operation is as certain as the law of gravitation, but its action is more subtle; and that which separates contravention from consequence is greater.

It is beyond the capacity of man to formulate the conditions under which it operates, and the consequences thereof. Owing to this incapacity, Christianity owes to its Founder an infinite debt, for He revealed to us the nature and operation of the *moral law*.

The present chaos of the world is the inevitable consequence of our indifference to, and our violation of, the *moral law*.

It is the function of the Christian clergy, the ambassadors of Christ, relying upon the protection of the Almighty, fearlessly to denounce every major violation of the *moral law*.

Do not let the clergy delude themselves that they can discharge their heavy responsibility by denouncing the "small fry," the so-called sins of minor individuals. David's attention was directed *first*, not to some minor enemy, but to the great and powerful Goliath.

First attention must be directed to denouncing fearlessly, "Wickedness in high places," using the tremendous voice of *authority* with which they are entrusted.

And the function of the laity is to *support* the clergy to the utmost.

When the *moral law* becomes the basis of all our major policies, chaos will quickly revert to cosmos; and *God's Will* will be done on earth.

Sir David Kelly

"The most obvious material standards are size and speed; the most obvious examples of qualitative standards are those which in all creative periods have been the only standards in art, literature and spiritual life. The inherent tendency of a mass civilisation with quantitative values is to crush the individual person into a common average type, to create a general level of mediocrity; to transform education into an instrument for training docile, passive servants of the bureaucracy, willing to accept the mass-produced hand-out in every field from philosophy to tinned food. The tyranny of a mass civilisation is infinitely more crushing, all-pervasive and demoralising than any of the merely political or religious despotisms of peasant or city-states, because besides being formless and impersonal, it poisons the very root of aspiration—the intelligence itself. In a mass civilisation education, and consequently the organs of opinion, being based on the lowest common factors and standards of quantity, weakens and gradually atrophies the prime faculty of the intellect, that of abstracting, distinguishing, classifying values."—From *The Hungry Sheep* by Sir David Kelly, G.C.M.G., M.C., Hollis and Carter, 18s. net.

WHO SHALL CONTROL?— (continued from page 1.)
so as to distribute purchasing power, so that certain interests could retain financial and therefore political control over the people. The financing of leisure would mean economic independence for more and more and ultimately for all individuals. That this, the only solution of "unemployment," "over-production," and the many threats that hang over us, was not introduced, is ample evidence of a conspiracy to enslave mankind. Control of money, instead of passing to the people in their capacity of consumers, has remained with a few quite irresponsible and probably anti-Christian men. The financial system, as far as policy is concerned, does not reflect reality. It is a living lie and therefore has failed and goes on failing.

Curiously enough there are people who pretend to be Social Crediters and who quote Douglas in parts, who yet maintain that under a sane system, the "State" or the "Government," or the "Treasury," or some other abstraction should "control money." Perhaps they know not what they say. Perhaps they really cannot distinguish between control of policy and administration; but these people we must disown. Whether their mind is muddled or whether consciously or unconsciously they picture themselves in the seat of control is immaterial. Control of financial policy, if civilisation is to be saved at all, must go to the general public. The administration of that policy must, like all organisations be hierarchical. The public however is an organism. To turn an organism into an organisation is to kill it. Major Douglas drew attention to the economic power of control resident in the housewives' purses. In the years before price control was as prevalent as it is now, mainly thanks to rings, cartels and monopolies, the housewife registered a vote in the form of money laid on the counter as to what to buy and where to buy it. Control of money hampers the housewife. The function of money is to help distribute goods coming on to the market for sale. Money must, to function properly, bear a relation to real demand and to potential production. Real demand comes from the public. Productive capacity is very great indeed and will be vast when automation and atomic energy are in full swing. Neither should be subject to the control of a clique. Beware of men who advocate control of money!

H. R. PURCHASE.

FROM WEEK TO WEEK— (continued from page 2.)
much as medicine, for instance, or philosophy—calls for personal qualities, long study and even longer experience; it is therefore accessible only to a tiny minority. Yet, unlike anything dreamed of for other branches of human knowledge, people act as though every man possessed it in perfection. My neighbour, a man of excellent sense, would be seriously offended if he were asked his opinion on the advantages of collapsing the lung in the treatment of advanced tuberculosis, but he takes it as a matter of course when electoral appeals consult him on the control of currencies or on whether alliance with the Soviet is opportune. How does this come about? How is it that the institution did not collapse at the outset under the weight of general ridicule? There is only one answer. Universal suffrage, however absurd it appears in principle and results, came to birth and remains in being because it corresponds to one of those secret necessities in the face of which logic is utterly power-

less: it is the inevitable result of the religious sentiment degenerating into politics. It is in fact of the essence of religion that it can be taught by all and lived by all; every man is *a priori* 'capable of God,' none is excluded from the divine banquet. But now that the State has absorbed God, none is excluded from the political banquet! This caricature of a reply to the *universal* appeal of God is the basic cause of the appearance and survival of *universal* suffrage."

Social Credit Secretariat LECTURES AND STUDIES SECTION

Diploma of Associate

At the examination held in May, 1955, the following candidate satisfied the examiners:—

John J. Baird (England).

There were three entrants.

The examination paper was as follows:—

Diploma of Associate Examination, May, 1955

N.B.—Candidates must attempt to answer all questions.

1. Discuss "orders" from the point of view of (a) policy, (b) administration, (c) sanctions.
2. What would become of the existing public debt in a change-over to a Social Credit economy?
3. Discuss the possible sanctions available to a State Government in opposition to a Federal Government.
4. The present economic system entails an enormous amount of waste, both in effort and resources. Discuss this as a problem of a Social Credit economy.

(Candidates are not precluded from quoting—with references—from the work of others, but credit will be given mainly for evidence of their own personal competency.)

"Full Employment?"

The American Sugar Refining Company reduced their labour force 50 *per cent.* by installing automatic packing and handling plant.

A Steel plant reduced the number of men loading pig-iron from 128 to 2.—1936.

In the Austin Motor works the ratio of labour required per car manufactured in 1922 compared with 1934 was 55 to 8!

Automobile production in 1933 increased 32 *per cent.* over the previous year, while employment in motor vehicle factories decreased 17 *per cent.*

Naturally the manufacture of all this automatic machinery now in use, gave employment while it was being turned out in large quantities. When made, however, it lasts far too long to give much permanent employment in its replacement production.

It is only people ignorant of what machinery can do who suggest that machines create more human labour than they remove.