

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

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DRAGONS — REAL AND ARTIFICIAL

. . . The reader, like the world, is rightly puzzled. *If* the reign of Scarcity has gone and that of Plenty has begun, *why*, he asks, are the bells not ringing and the flags not flying and the poets not singing?

The answer to this passionate question is quite simply that though Scarcity has gone we do not know it. We all know that something big and vague is wrong with the world, that it is in the pangs of upheaval and change, but we somehow cannot put our finger on the thing or give a name to the upheaval. . . . Fear rides the world, and rides it hard. This fear has thrown up a few strong men . . . but for the most part our leaders are mere parliamentarians, content to flit from slogan to slogan in the garden of political unreality. Even our thinkers take refuge on the broad top of an ample fence which they turn into a kind of wailing wall with their chorus of pessimistic prophecy and doubt. . . .

Some of the reasons for our ignorance of Scarcity's departure are not far to seek. There are, for instance, vast passive reasons derived from instinct and prejudice, custom and tradition; for strangely enough man does not appear to respond to new facts any more quickly when they benefit him than when they harm him. There is a reason, too, in the fact that the new conditions came upon man unawares and stealthily, the winning shots of battle being fired in the secrecy of the laboratory or behind the closed doors of the research departments of competitive, and therefore secretive industries. There is also a good reason in the fact that everyone, for subsistence sake, has had to proceed with his or her business in hand as though nothing of earth-shaking importance had happened: news-magnates being concerned, not with the dawn of the Age of Plenty, but with increasing their circulations; politicians with keeping in office; business men with making profits or avoiding bankruptcy; bankers with making money and patching the monetary mechanism; public thinkers with turning out words in bundles of thousands that shall be acceptable to editors yet inoffensive to readers; the salariat with earning their salaries and the proletariat with earning their wages. Few people have time to step back and look at the wood as a whole, nearly all being intently busy with their own particular tree.

Artificial Scarcity

But there is another reason — an important one — for our ignorance and unawareness of what has happened, and this time we can put our finger on it. It is that the world's distributing system, devised expressly for Scarcity, has become obsolete with the disappearance of the latter, and yet, though obsolete, is still in use. This distributing system functions effectively only when there are too few goods to distribute; but now that there is abundance of actual or possible goods it still can distribute only a fraction of them. . . . Real Scarcity we may define as the non-existence of enough things or the inability to call them into existence;

and Artificial Scarcity as the existence of enough things, or the ability to call them into existence, but the inability to distribute them: and civilisation is suffering today from the anything-but-artificial woes of Artificial Scarcity just as yesterday it suffered the equally real woes of Real Scarcity. In passing one may note, and be appalled, that only in war does this obsolete distributing system work smoothly; but the trouble then is that most of the goods so efficiently produced lack variety, and when distributed in the form of bursting shells the "consumers" can be persuaded to "consume" them only with the greatest reluctance and under military discipline. . . .

So if the bells are not ringing, the dour presence of Artificial Scarcity is the reason why. Even so, it is the victory over Real Scarcity that is the important thing, the gospel of good news. Once convinced of the victory, the vision of what it means will dawn on man and inspire him with strength to overcome the lesser dragon of Artificial Scarcity, and so remove the last present obstacle between him and his reward. Since this dragon is of his own making, its dispatch should not be beyond his power and wit, for after all he is that same ingenious creature who has already conquered Nature.

For the rest it comes to this: here is the Machine — a billion champing horses — an eighth wonder, straining, begging to supply us. Which shall we allow it to be — a burden to us or a boon?

— From *The Meaning of Social Credit*,
by Maurice Colbourne (1935).

THE SINGLE EUROPEAN ACT "LORDS' WARNING"

On 6th May Mr Peter Horsfield, Q.C., and Mr Leolin Price, Q.C., had a letter in *The Times* drawing the attention of readers to the bill before Parliament to approve the Single European Act, which amends the Treaty of Rome. The writers found difficulty in understanding the lack of comment attracted by the signing of this Act in February, and also the passage of the Bill approving the Act.

On 28th May the same two eminent men were able to quote (again in *The Times*) the House of Lords Select Committee on the European Communities, who express the point they endeavoured to make in their letter of 6th May. "The grounds of the committee's conclusion are set out fully in this week's report (*The Single European Act and Parliamentary Scrutiny*, published on 20th May) and amply justify concern. In general they point to the inescapable fact that the effect of the Single European Act will be to 'increase . . . the areas subject to Community law rather than national law — at the expense of Member States'. More particularly they draw attention to the formidable legislative powers of the Commission."

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UNDER WHICH KING?

By C. H. Douglas

There is no single aspect of political economy which deserves more attention, and receives less, than the nature of an order. Like so many other matters of importance and subtlety, most people understand so little of the subject that they are practically unaware that it presents any problem; still less, a problem on which the whole structure of society depends. The immense success of mediaeval civilisation (and its ultimate failure) can be seen to be linked with one conception of an order and the sanctions which sustained it; the different, but notable, achievements of the nineteenth century, and the chaos which has succeeded that short-lived adventure, are plainly the outcome of another. The problem is often stated by the use of the word "sovereignty"; and we have an indication of that identity in the title of the gold coin which ruled the nineteenth century, the English sovereign, as well as in the declared intention to remove national sovereignty to an international centre.

The essence of mediaevalism (often, it may be noted, referred to as the Mediaeval Order) was the existence of the Church as a sanction, as an organisation for making effective certain checks and balances upon the use of physical force to carry an order from its utterance to its execution. The Church claimed to be, and was to quite a considerable extent, a living body of Superior Law, not different in intention, but far higher in conception than the Constitution of the United States. And it is important to notice that the breakdown of nineteenth century English prosperity can be seen in retrospect to be contemporaneous with the decadence in social prestige of the village parson.

Now the nature of the problem presented to political economy, as distinct from ideology, by an order, is simply this: Either Brown gives orders on his own behalf, or Mr Pink-Geranium gives them for him. That someone has to

give orders on Brown's behalf is not in dispute. And the decision between the two courses is *ultimately* dependent on which source of authority succeeds in making results most accurately and rapidly eventuate from orders, in reasonable identity between specification and product. And the problem is complicated for Mr Pink-Geranium by the fact that he has no one but Mr Brown to whom to give orders, and Mr Brown is convinced that it is more blessed to give than to receive.

There was a period, say between 1850 and 1914, in which the *economic* aspect of this problem was in a fair way to solution. The gold sovereign was a complete order system. Mr Brown had only to tender his yellow warrant of sovereignty and he got what he wanted. He set in motion the most marvellous train of self-acting psychological sanctions. Factories sprang to life, trains ran, and ships sailed, all concerned not merely to do his will, but to do it better than anyone else. It is quite irrelevant to this particular argument that a large and increasing number of Mr Browns had no sovereigns; it is a fact of history that the man who had one always wanted two, and in consequence, if every Mr Brown had possessed a sovereign it would still have been effective. It is perhaps unnecessary to observe that the virtue of the gold sovereign lay not in its material but in its sanctions.

Now the *political* equivalent of the gold sovereign is the vote, and the merest glance at our life and times is sufficient to establish the conclusion that it fails to work. There is nothing in the possession of a vote which remotely approximates to the power of choice and the certainty of delivery enjoyed by Mr Brown with his golden sovereign in the latter days of the nineteenth century. No one outside the walls of a mental hospital would contend that the individual voter gets what he votes for, or voted for what he is getting. So obvious is this that the greatest difficulty is experienced in getting people to vote at all. The vote costs nothing: and it is worth precisely what it costs. If it cost ten shillings to vote, how many votes would be registered?

But the matter does not end there. While the political vote is valueless to the individual, it enables the Satanic Powers to claim a mandate which it in fact does not confer, and which it is powerless to enforce. This situation is so satisfactory that the ballot-box is a cardinal provision of the World State, and it is clear for any ordinary intelligent person to see that it is the intention — and in "Britain" the rapidly developing fact — that the economic vote will be destroyed in its nineteenth century effectiveness, and substituted by the political vote as exercised in Russia.

It is urgently necessary to realise these matters because they dominate our future. British Governments now hold office by a trick; no British Government has any genuine mandate. Our whole political system is not merely irrational, it is a fraud and a usurpation. We have allowed the vicious nonsense which derided the values established by a thousand years of unique political experience to destroy in our name every safeguard against tyranny provided by historic continuity in the Three Estates, and we welcome the people who spawn this nonsense when they desert the Europe they have wrecked. Nothing can save us but a drastic de-hypnotisation. It is coming, but it may kill us.

The Social Crediter, 15th December 1945.

FORTY YEARS ON STRANGLING A FREE PROFESSION

Lord Geddes, speaking in the House of Lords in March 1944 said that "to make Beveridge Security safe for the Treasury" (i.e., "safe for a faulty money system", *Peta*, 1945), a medical inspectorate was proposed which would probably "degenerate . . . into something not very dissimilar from a Medical Gestapo". Major Lloyd, about the same time, said, "I do not believe that the right way to improve the health services is to put the . . . free and independent medical profession under the control of a thinly disguised bureaucratic organisation."

In *The Times* (May 1986), Dr R. H. P. Thompson and others write: "We are consultants working in the health districts of inner London and have been monitoring the deterioration of the hospital services in our area . . . the care of the sick and the proper training of tomorrow's doctors are now being jeopardised in our hospitals. . . . The health service . . . under-funded for many years . . . must have more money . . . to provide a modern medical service."

On 3rd June, it was announced that Mr Victor Paige, Chairman of the N.H.S. Management Board, had resigned after serving only half of his three-year contract. The Board was set up in January 1985 to advise on the most efficient way of administering the N.H.S. Disagreements between the Board and the Government are indicated in Mr Paige's letter of resignation in which he writes; "Ministers and the Chairman of the Management Board can approach the same issue with different perspectives, priorities, objectives and restraints. The conclusions are not always compatible."

"Also there are always others in the action — or trying to be. Within my remit that makes for difficulties in working to the management standards and style to which I am committed." He says that the Board must continue to play a major role in the future of the N.H.S. to create more effective planning, management and motivation. (*More strangling? Ed.*)

The Single European Act (continued from page 1)

The letter continues: "The powers of the Commission in relation to the drafting of legislation are already significant and will become more so. The Commission is 'master' of the text of any proposal for legislation. . . . In addition the Commission determines which amendments put forward by the European Parliament . . . are submitted to the Council . . . (and) amendments not endorsed by the Commission require unanimity before they can be adopted. Fixed limits on the time during which the Member States can bargain about a re-examined proposal should also strengthen the Commission's position."

"In addition to its own powers the Commission can (as in practice it will) have delegated to it the powers of the Council. It is difficult to conceive how national parliamentary government can continue to exist in any real sense alongside so powerful a directive body."

The writers conclude: "The diminution of the role of Parliament is matter for concern enough. Even more worrying is the want of frankness exhibited by ministerial and other official statements. We can only hope that, late in the day, the House of Lords Committee's report will bring the important constitutional issues involved out into the open where they belong."

TAX CUTS OR MORE SPENDING? THE SPURIOUS DEBATE

The posing of a false alternative is a well-known and certain cause of confusion, especially in public debate. The current arguments about government spending priorities are prime examples.

On the one hand, the Chancellor has posed a target of Income Tax at 25p in the £ before the next General Election. On the other, many voices, both within and outside the Conservative party, are clamouring for more government spending on public services as a means of cutting the dole queues. So-called infrastructure renewal, housing, education, health and social services, and now the police, are all being put forward as sectors needing more public funds.

Behind all the arguments is the tacit and unchallenged assumption that there is, and can be, only a strictly limited amount of public money available for all government purposes. The taxpayer, so it is said, can benefit by lower taxes only if expenditure on the public services is thereby constrained. If more money is to be spent on them, then the taxpayer and ratepayer must provide it. Thus framed, the argument embodies a "divide and rule" strategy which sets competing groups against each other in defence of their own particular interests. The teachers' strikes, the constant battles over local authorities' budgets, the persistent arguments in the Universities and the Health Service, are all manifestations of this strategy. Ironically, the argument is probably at its fiercest within the Cabinet itself, where the very first action of the newly-appointed Education Secretary was to demand more funding for education.

It is precisely this technique of accepting the issues posed solely in financial terms that allows the underlying realities to remain obscured. If, instead, the conflicting claims of competing interests were examined in the light of what might be physically possible, the true potentialities of each situation would become much clearer.

Take first the clamant need for new and better-maintained housing, hospitals, roads and sewers. The construction industry, it is reported, is currently working at less than half its present capacity, discounting its undoubted potential for expending. Much of its work-force, skilled and unskilled alike, is either underused or quite idle. The London Brick Company, for example, recently laid off some 1,250 workers from its Peterborough brickworks because of "lack of demand". With the exception of imported timber, most of the materials used in construction are home-produced. Increased demand for more steel, stone, cement, bricks, paints and plastics would be welcomed by their producers and could most certainly be met from plant and machinery at present under-used. Similarly, the extra manpower could also be found from among those now unemployed. So both the human and material resources to produce more and better houses, hospitals, roads or whatever are all available. It is the financial tokens required to mobilise these resources which are lacking.

No one is so foolish as to argue that "more money" is the only answer to the many and complex problems besetting the education and health services. Old, outdated and inefficient buildings certainly need to be replaced to meet

the changed conditions of today and also the equipment to go into them. But staff also need to be trained or re-trained in new techniques and procedures. Staff relationships and morale need to be restored after long and bitter disputes. Freedom of choice as between public and private provision of both services needs to be enlarged.

More money is certainly not the solution to all these problems, *but it is the solvent which makes solutions possible*. Few would argue that any of the non-monetary problems are insuperable.

The orthodox response to demands for more government spending is that it would reverse the downward spiral of inflation. But if the hoped-for tax cuts were to take the form of progressive reductions in VAT until it reached a negative value, tax cuts and lower prices and improved public services could all be achieved contemporaneously.

Why then are so many in authority blind and dumb about the nature of the financial system which so distorts the realities and frustrates their best endeavours? Are they really so hypnotised by financial orthodoxy that they cannot grasp that whatever is physically possible must be financially possible? Or, and more sinisterly, are they all so mentally conditioned by their training and their relatively privileged status within the Establishment that they have lost any will to challenge the invisible forces which bind them?

Social Crediters should approach "their man" (whether M.P. or Councillor or anyone with authority in our land) and press for action which takes these facts into consideration.

"UNEARNED INCOME" IS NOT UNEARNED

. . . the "dole". The word carries with it a stigma and a sting, and it is meant to. It is, of course, shorter than the official "Unemployment Insurance Benefit"; but it is not cricket. For it is one thing for a community to sponsor an industrial system and then, finding it breaking down in certain respects, to compensate those who through no fault of their own suffer from the breakdown; and quite another to insult them gratuitously while it compensates them. Yet that is what England is doing. . . .

If England had burnt Watt and declared his engine of the devil, well and good; then no one serving the Machine could make a just claim on the nation. But the world put Watt among its heroes and accepted his invention with open arms outstretched and both eyes open, and must therefore be prepared to accept also the fruits of that invention. The "dole" or some equivalent cash payment would have come about if there had never been a war.

The time has come to put the "dole" on a moral par with the dividend and to stop reviling the one while receiving the other. The time has come to call the "dole" by its true name which is a "social dividend". And the time has come to pay it by some other means than by robbing Peter. The New Economics does these things and would effect these changes. The New Economics goes further, and would extend the social dividend to a far greater number of citizens than merely those out of work, and would call it the National Dividend. . . . (The) New Economics, which is at once a complete philosophy and an exact science, has evolved a mathematical formula by which it becomes a

mathematical impossibility for the National Dividend to be beyond the national means. Under the New Economics a nation *cannot* live beyond its means. Simple arithmetic would forbid. . . .

As an unequivocal assertion, therefore, we would say that "unearned income" is not unearned but earned. It is earned by the work of the man-made Machine; and the receipt of it is as "demoralising as the receipt of dividends are to the reader; no more, no less."

— From *The Meaning of Social Credit* (1935),
by Maurice Colbourne (*Man and the Machine*).

THE SOUTH AMERICAN DEBT "BOMB"

The Times (11th June) reported growing fears that Mexico will suspend interest payments on its foreign debts which have risen from \$80 billions four years ago to \$100 billions now while oil prices have fallen. Non-payment, says *The Times* "would throw financial markets into disarray and possibly set into train similar moves by other Latin American debtors".

The Mexican President warned last February that Mexico was not prepared to sacrifice its basic development by using 45 per cent of its export earnings for interest payments this year. The Finance Minister has now said: "Our principal creditors are the Mexican people".

About one-third of the debt is owed to American banks, and rumours fly about possible options, including "allowing repayment in pesos, which would allow Mexico to keep its precious dollars *and the banks to continue classifying their loans as 'performing' or interest-attracting*". (Our italics, Ed.)

RECOMMENDED READING

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| Allen, Gary | None dare call it Conspiracy. |
| Douglas, C. H. | The Brief for the Prosecution.
The Development of World Dominion.
Economic Democracy.
The Monopoly of Credit.
The Policy of a Philosophy.
Programme for the Third World War.
Social Credit. |
| Monahan, Bryan W. | The Moving Storm.
An Introduction to Social Credit.
The Survival of Britain.
Why I am a Social Crediter. |
| Sutton, Anthony C. | National Suicide — Military Aid to the Soviet Union.
Wall Street and the Bolshevik Revolution.
Wall Street and F.D.R.
Wall Street and the Rise of Hitler. |

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