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The SOCIAL CREDITER

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In this issue:

Editorial

"Does it seem odd to think of money as a socially acceptable addiction? … But what else would you call a substance or activity that we reach for compulsively even though it doesn't bring fulfilment. What else would you call something we are convinced we could not live without? Indeed, the very thought of not having it fills us with fear. What else would you call a need that is intense, chronic and seen as essential to our sense of wholeness? What else would you call something that goes beyond a rational concern, that fills our daydreams and our night dreams as well? What else would you call something that becomes more important to us than our relationships with family and friends, the acquiring of which becomes an end in itself? What else would you call something that we hoard, building up unreasonably large supplies in order to feel secure? An addiction is a need that's gotten out of control, that's become a cancer, migrating into healthy tissue and eventually consuming its host." Joe Dominguez and Vicki Robin (1992/2008).

The first stage in recovery from an addiction is to acknowledge that the aberrant behaviour is a problem. For an individual suffering from addictions such as gambling, drugs or alcohol that is very difficult to do. For an entire *society* to recognise that an addiction has become 'socially acceptable' the obstacles are enormous. The problem is compounded as each generation is brought up to regard the addiction as normal behaviour.

Joe Dominguez and Vicki Robin first published the above words in *Your Money or Your Life* in 1992. Their work has often been quoted (See, e.g., *What Everybody Really Wants to Know About Money*), and many have followed their ten steps programme to achieve Financial Independence, allowing them to break free from the wage/salary slavery trap. It is, however, a salutary thought that most babies born in 1992 have been socialised by a school system founded on the premise that the primary purpose of adult life is to *work for money for oneself*. The pursuit of social, physical, emotional, cultural and spiritual health is dependent upon the primary prerequisite of earning a personal money income. During their years of indoctrination, children are locked away from the natural world and thus prevented from pursuing their own needs for physical, artistic and intellectual development. It is hardly surprising, therefore, that the vast majority of young people live, work and dream about having enough money to satisfy their real desires. Like the inhabitants of *Brave New World*, having been indoctrinated to fulfil their role in the global economic system, the vast majority of individuals consider it most odd to imagine that there might be a better way of setting about things.

Time and again over the last century, people have come forward with serious questions about the corporate capitalist culture, which currently dominates the lives of ordinary people across the globe. As the pages of this issue of *TSC* alone demonstrate, a thorough analysis of the financial system has been explored time and again over the decades of the twentieth century. Nevertheless, so powerful is the addiction, the craving for *money* that the vast majority of people feel they have no time to take stock of their own role in sustaining the unsustainable corporate world. The temptation is to surround ourselves with the trappings of status associated with our earning power – the prestigious house, the car, the clothes necessary to get to work, the convenience foods, shopping sprees, dining out and holidays necessary to compensate for the stress of the workplace. Surrounded by so many things, we have too little time for the things we really want to do. Where work and money are inextricably intertwined, even vocations may be crippled. As teachers, artists, preachers and carers working for money, we find ourselves trapped into form-filling, meeting targets and taking care not to be controversial for fear of losing our position and hence both our social standing and our income.

Above all, we are indoctrinated into the belief that we are better off than were our ancestors in the bad old days before industrialisation. Food is piled high in the supermarkets, clothes and every other necessity arrive ready-made in the shops, electricity appears at the touch of a switch, water flows from the taps and oil into the filling stations. Surely there is no real need to ask questions about how the system actually works? Where does my food come from? Who grows it? Under what conditions is it processed, transported and brought to the local supermarket? I buy fair trade if I can. That's all I can do. Perhaps if things go drastically wrong, we'll give the matter some thought. Right now, I simply *must* go to work to earn the *money* to buy the things I want. . .

Danger, Ugliness and Waste

Owen Barfield

The Social Credit Movement has nothing in common with Capital Levies, Socialism, Communism, Marxism, Liberalism" or any other "ism." To such conflicting theories of society it is neither allied nor opposed, merely affirming that they must one and all be useless, unless they are prepared in the first place to reckon with finance. The proposals themselves are not bureaucratic, for nothing would be nationalised except our credit; and that is in truth already the nation's property, though it is controlled by individuals. Nor do they interfere with private enterprise or sap inducements to efficiency. The more boots a man sold, the higher profits he would make. The better boots he made, the more he would sell. Nor is it proposed to confiscate anybody's property or to repudiate any debts contracted under, and valid within, the present system. On the contrary, all classes of the community must inevitably benefit—excepting, possibly, a few cosmopolitan financiers, whose little game of world-spillikins would draw, gradually and without any unpleasant bumps, to an end. Their aim is no other than the provision of economic freedom, that exemption from the primitive struggle for existence itself which is the only possible foundation to-day for a spiritual freedom, and which, in these advanced stages of the industrial age in which we live, is every man's proper due.

It is asked, then, that you enquire further into the proposals outlined so roughly in this paper… by reading some of the literature published by the Social Credit Movement [see www.douglassocialcredit.com]. As an introduction to a fresh view of the economics of an industrial civilisation, and as a profound and delightful essay, Professor Soddy's "Cartesian Economics" (6d.) is particularly recommended. Should you become convinced, not necessarily of the detailed scheme put forward by Major Douglas, but even of the importance of a public enquiry into Finance, it is asked that you give what expression you can to your conviction, even if only by admitting it in private conversation. Above all—think. Whatever happens, it is of the utmost importance that there should be as many clear minds as possible in the country. Finance is a new and uncomprehended growth; it is regarded even by professional economists as a mystery;* and there are powerful interests in favour of its remaining one. There would be nothing mysterious about it if it were based on honest reality.

Economics cannot be neglected. Apart from the danger of a general crash, which you may think slight, the position of artists and men of letters, gathering samphire on the bleak cliff of industrial civilisation, grows yearly more precarious. How many are there who might not do better, purer, more tranquil work if the cost of living were reduced by, say, a half ? And lastly, we may talk of education and of university extension, and we may be rightly proud of these things; but we know all the time in our hearts that without a general spread of means and leisure the world of culture must remain for ever the bitter farce it sometimes seems—an everlasting Decameron set in an everlasting plague. This social conscience of ours may be a comparatively recent addition to our hearts, but it is a permanent one, and now that it has evolved in us, there is no greatness without it. Until its pangs are allayed, the sincerest works of art will also be the most tortured and preoccupied, sacrificing spirit to idea and life to propaganda. Consider, for instance, the literature of the late nineteenth century—and the contemporary drama! Greece and Rome could rear a free culture on the backs of slaves; but, since the beginning of Christendom, neglected economics have been working into the blood of art, until more than half the dreams of civilisation seem to be the product of its disordered stomach. Where are they gone, the rapt tranquillity of Angelico, the imperturbable elegance of Pope and Racine, the sweet, unhampered gaiety of Mozart and Scarlatti and Bach? Where are they gone? For a long, long time after Golgotha fancy could still play upon reality without being sickened by the stink of the human manure from which it drew its fragrance. It is no longer so; and I believe that for the future we have to face either a world without these things or a world in which the leisure and refinement which alone make them possible are not drawn in dividends from half-educated millions to whom all chance of knowing them, or even the value of them, is for ever denied. One of two things is true. Civilisation is either a ghastly accident, or it is a means to the end of freeing the human spirit in this world. If the former—so; but if the latter, there can be nothing more than a fluttering of wings, until humanity has established its place in the sun.

Extract from article published in *The Nineteenth Century*, 1923.

* See article "Finance" in Encyclopedia Britannica. If Pope Gregory had never altered Julius Caesar's calendar, the error would slowly have grown larger and larger. " Finance " is the product of a similar error in the monetary system. But other factors besides Time have conduced to its rapid magnification. Such are the advent of machinery, of mass production, etc.

Money

Money, money, money,
What does it do to us?
It lets us do the shopping,
And travel on the bus.
It's how we get the things we want
Or that's the way it feels.
We need it to evaluate
And consider doing deals.
So all in all, when chips are down
It is important stuff.
But although I can accumulate,
I never have enough!
There's something funny going on
Enough for what I need
Should do, to keep me happy,
The rest must just be greed.
What do I really want in life?
I'm tempted, when the ads
Promise instant satisfaction,
And all the latest fads.

J A Murray McGrath

Very High Finance

Paul Cahill

One of the greatest tragedies is that so many who profess the Catholic Faith have been deceived into accepting views of life and its problems that are quite incompatible with our Faith. "Whoever," wrote Pope Leo XIII in his Encyclical Letter *Aeterni Patris*, "turns his attention to the sad condition of affairs in these our days and seeks a reason for the troubles that disturb both public and private life, will readily see that a fruitful cause of the evils which now afflict, as well as those which threaten us, lies in this: that erroneous conclusions concerning divine and human things, which originated in the schools of philosophy, have crept into all classes of society and. have been accepted unquestioningly by the masses."

No false views have ever been .accepted so unquestioningly and with such disastrous consequences for so many of us as the erroneous conclusions of John Locke, "the philosopher of the Bank of England", who died 250 years ago. Nor was there ever a man whose ideas have had such a widespread influence on the world and yet is nowadays so little known.

Puritan Background

Locke, the son of a Puritan lawyer, was born in Somerset in 1632. He was sent to Oxford to study for the Protestant ministry, but after his father's death in 1661 he took up the study of medicine instead; and though he never qualified, his friends always called him *Dr. Locke*. But it seems he practised as an amateur in Oxford for a while, for this was how he met and became a lifelong friend of that notorious terrorist, the Earl of Shaftesbury.

In 1665 Locke accepted the position of confidential secretary to Shaftesbury and seven years later when Shaftesbury became Chancellor, Locke was made Secretary to the Board of Trade. But with Shaftesbury's fall from power in 1675 Locke had to go into exile in France, where he lived for four years, chiefly at Montpellier and at Paris. He returned to London and to Shaftesbury in 1679, but was forced to flee again in 1683; this time he went to Holland, then a hotbed of the Protestant Revolution. Most of his six years at Amsterdam and Rotterdam were spent in studying and writing. While there he wrote three important works on Political Economy, which largely form the philosophical basis of Liberalism. These are an *Epistle on Tolerance*, a treatise on *Civil Government* and the work for which he is best known, the *Essay Concerning Human Understanding*, which has, of course, been condemned by the Church and placed on the Index.

Erroneous Ideas

Locke's philosophical ideas, which have inspired the Liberalism that dominates the social life of most of the modern world, consist not merely in withdrawing economics from its proper subordination to politics, but in withdrawing both politics and economics from the moral law. No thinker was able to make his ideas appear more plausible than Locke, who had a great influence not only on English philosophers like Adam Smith and Stuart Mill, but also on the French philosophers such as Rousseau and Voltaire, whose ideas prepared the way for the French Revolution.

Yet great as was Locke's influence on Political Liberalism, his erroneous ideas have had a much greater effect on the economy of the modern world. It was he who formulated those false principles concerning money which have been the gospel of Liberal economists ever since. He stated that money was subject to natural laws, like the tides, instead of being, as St. Thomas Aquinas teaches, merely a medium of exchange, which "must keep the same value". The Church says that money, which should be created by the government, not by private individuals, is meant to be subject to Politics and Economics, whereas the result of Locke's Liberal ideas is that money—or those private individuals who have usurped the power of creating it—now dominates

Politics and Economics. In other words, Locke's philosophy has led to the control of governments by private financiers. As Pope Pius XI said in *Quadragesimo Anno,* "At the time, when the new social order was beginning the doctrines of rationalism (or Liberalism) had already taken firm hold of large numbers, and an economic science alien to the true moral law had soon arisen, whence it followed that free rein was given to human avarice."

Usury Made "Respectable"

"As the influence of the Church was weakened in the political and economic spheres," explains William Thomas Walsh, America's greatest Catholic historian, "usury began to accumulate wealth and to organize its influence. With uncanny insight it threw its influence against the power of Church and State until it succeeded in weakening both. It early identified itself with the forces of heresy in religion and liberalism in politics, until Protestantism at last gave money-lending a certificate of respectability." Locke's ideas were first put into practice when the Bank of England was founded in 1694 by a Scotsman named William Patterson and a group of rich men who: came to England from Holland with William of Orange. This private firm, known as *The Governor and Company of the Bank of England*, came into being *almost by the back door* (the expression used about it in the *Encyclopaedia Britannica*) for the purpose of lending money to the government, because, as Patterson stated, the Bank *hath benefit of interest on all moneys which it creates out of nothing.* Unfortunately many people have accepted without the least suspicion the statements of certain bank directors and others that bankers are merely the custodians of their customers' money. The fact that bankers create money is usually disguised so carefully in technical jargon that many of the bankers themselves have probably come to believe that it is not a fact at all. One of the most remarkable admissions of the truth that bankers do create money was made in the following testimony by Marriner Eccles, head of the Federal Reserve System of the United States, in evidence before the House Banking and Currency Committee in 1941:

Congressman Patman: "Mr. Eccles, how did you get the money to buy those two billions of Government securities?"

Eccles: "We created it."

Patman: "Out of what?"

Eccles: "Out of the right to issue money."

Two Types of Capitalists

Prof. Thomas P. Neill in *Makers of the Modern Mind* tells us that Locke was "one of the original proprietors" of the Bank of England and that he "subscribed £500, a large sum in those days, on which he made good profit". Locke had made the acquaintance of William of Orange in Holland and followed him to England in 1689. Soon after, Britain replaced Holland as the leading commercial power in the world. "Or, to put the truth with more exact accuracy," writes Christopher Hollis in *The Two Nations: A Financial History of England*, "an international gang which had up till then operated from Amsterdam, found it was more convenient to operate from London." And as Britain was to be the foremost capitalist state in the world for the next two centuries, the power and influences of these financiers or loan capitalists increased enormously. A distinction must be made, of course, between the two types of capitalists. "A Rothschild or a Morgan," writes Mr. Wyndham Lewis, "makes his money in a very different way from a Nuffield or a Ford. The former deals in money itself, as a commodity. His business is essentially that of a money-lender. He makes nothing. He toils not, neither does he spin. But for all that he is no lily, as a rule." These were the kind of men who brought King Billy to London and founded the Bank of England, which Hilaire Belloc, the greatest English Catholic historian, describes as "the most important event in modern English history after the Reformation and the destruction of the monarchy." "It was," he says, "an independent corporation privileged and guaranteed by Government, but, pursuing a policy of its own: and from that day onward in greater and greater degree the Bank of England had the last say in any Government policy involving expense, and particularly in the matters of foreign war and coercion of dependencies. The effect of this revolution in national finance was enormous." *(A Shorter History of England.)*

Pope's Strong Statements

Of these high financiers Pope Pius XI wrote in *Quadragesimo Anno*: "It is patent that in our days not only is wealth accumulated, but immense power and despotic economic domination are concentrated in the hands of a few . . . This domination is most powerfully exercised by those, who, because they hold and control money, also govern credit and determine its allotment, for that reason supplying, so to speak, the life-blood to the entire economic body and grasping in their hands, as it were, the very soul of production, so that no one dare breathe against their will." In another Encyclical Letter, *Caritate Christi Compulsi,* "On the Troubles of Our Time," he stated that "those, very few in number, who appear to have in their hands, together with enormous wealth, the destinies of the world . . . are in great part the cause of so much woe." These are very strong statements which may well lead those who have not already studied them to wonder, particularly in view of the silence of our newspapers on the matter, if indeed they have any foundation in fact. But why, one may ask, is the Press so silent on this subject of the dictatorship of high finance? "The Press," explains Sir Reginald Rowe in *The Root of All Evil*, "is hugely capitalized, must pay interest on its capital, and has to finance itself on the large scale which is so dear to the heart of the Money Power. In the present state of public ignorance no important newspaper dare affront and challenge the Money Power for fear of the consequences. Our credit-makers, the banks, serving in their turn 'big money', could easily by a twist of the credit-screw check any such revolt."

The truth is, of course, that the Church's denunciation of High Finance only reiterates what numerous bankers and politicians have already revealed. For instance, Gladstone once stated: "From the time I took office as Chancellor of the Exchequer (1852) I began to learn that the State held, in face of the Bank (of England) and the City, an essentially false position as to finance ... The hinge of the whole situation was this: the Government itself was not to be a substantive power in matters of finance, but was to leave the Money Power supreme and unquestioned." This situation was confirmed in our own century by another Chancellor of the Exchequer, Reginald McKenna, also Chairman of the Midland Bank, a leading commercial bank in Britain, who stated at the Midland Bank meeting in January, 1924: "1 am afraid that the ordinary citizen will not like to be told that the banks can, and do, create money. The amount of money in existence varies only with the action of the banks in increasing and decreasing deposits and bank purchases . . . And they who control the credit of a nation, direct the policy of Governments and hold in the hollow of their hands the destiny of the people." Similar admissions have been made by American statesmen. In 1916 President Woodrow Wilson said: "A great-industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men . . . We have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the civilized world—no longer a Government by conviction and the free vote of the majority, but a Government by the opinion and duress of small groups of dominant men."

Commission's Discovery

Shortly before the U.S. President made this remarkable admission, a special Commission was set up by Congress, known as the Pujo Commission, to enquire whether or not there was a Money Trust in the United States. This Commission discovered that five New York banks controlled no less than 112 financial, insurance, industrial, producing and trading, transport and public utility companies with resources in capital totalling the prodigious sum of four and a half billion pounds. On the basis of its findings the Commission stated in its report that: "If, therefore, by a *Money Trust* is meant an established and well-defined community of interest between a few leaders of finance, which has been created and is held together through domination over banks and industrial corporations and which has resulted in a vast and growing concentration of control of money and credit in the hands of a comparatively few men, then your committee has no hesitation in asserting that the condition thus described exists in this country today." What a. pity that this startling information could not have been widely published in order to open the eyes of so many people who, through downright ignorance, are accustomed to sneer at any mention of International High Finance! "How manv of those who have discussed the Peace Conference (1919)," asked Hilaire Belloc in *The Catholic Church and the Principle of Private Property,* "have heard the name of Kuhn, Loeb & Co., for instance, and of those who have heard it, how many can give even a half a dozen instances of their centres of action in Europe?" For the benefit of those who may not yet, 35 years later, have heard of this firm, Kuhn, Loeb & Co. is, of course, one of the five banks referred to by the Pujo Commission as dominating America.

The Nature of Society

"Human society," wrote Belloc, discussing the forces that govern Britain, "is an organism and everything organic is complex. But it imports those who would understand the times in which they live and the nature of that which orders them, to appreciate the proportion each factor holds in that complicated thing which controls us all and our destinies: the complicated thing called real government. These factors are, in the reverse order of their importance, as follows: —

1. A vague public opinion. Of this there is but a trace. It is hardly apparent as a governing factor, save in rare crises patent to all and acutely affecting all.

2. A tiny representative element almost negligible: the effect of voting at the Polls. This, like public opinion, has a much stronger action on the policy of the nation in rare crises. But normally it hardly counts; indeed, voting on essentials, such as a policy of peace or war, is not permitted.

3. Next, certain professional politicians — less than a hundred all told — who co-opt new recruits into a kind of club called the Front Benches. They appoint themselves to the nominal headship of various departments which they shift round from hand to hand. These headships vary in personal power from next to nothing (as in the case of the Chancellor of the Exchequer) to quite a respectable amount of petty patronage and private decision.

Control by the Few

4. Then comes the much more powerful factor of the permanent officials. "These four categories," Belloc continued, "may be called the tail-end of the forces which govern us. It is impossible to put such things numerically, but, as a sort of rough picture of the thing, if we give the whole force that governs us the value of a hundred, we may count public opinion as anything from zero to five; representation, that is the power of votes, anything from five to seven; .the professional politicians round about fifteen, and the permanent officials, and services as a body and in varying degrees (the Home Office, the Police, the Magistrates and Judges, the Foreign Office and Diplomatic Service, the very powerful Treasury, etc.) about twenty-five. But from this lower .category we pass to one quite different and on quite another scale of strength; the element of wealth. We have for a long time past been a plutocracy and by far the greatest effective instrument in directing our lives and deciding our internal and external affairs, is the control exercised by a few rich men over production, distribution and transport, information and finance. This major element in government we might reckon as running from eighty to the full hundred. It counts far more than the whole body of the permanent services and infinitely more than the politicians. The masters of our great trusts, which are in the main international, are also the masters of the community. Now of these great monopolies the chief is the banking monopoly. The reason the banking monopoly holds .this

preponderant position is twofold. First, it is the most immediate, secret, universally informed, elastic and direct in its action, and controls every individual above a very low income. It is for the banks to permit those economic activities they approve; those they disapprove they can destroy at will. Second, the banking monopoly in this country is the European branch of that main international world-monopoly in finance which has its centre in New York and exercises its universal power from that centre. Our local banking monopoly is the servant of New York after the same fashion that a provincial bank manager is the servant of a head office in London. This superior control of policy by the banking monopoly is a question of the highest practical importance, and one eagerly debated by the few who see public life as it is, and concern themselves rather with real policies than with the newspaper facade and the silly outworn stage at Westminster ... In the political field alone the banks have made us dependent upon America ... On the spiritual or moral side, which is ultimately the most important by far, the chief indictment against the banks lies in the mere fact that it is secret. Secrecy is a bad thing from this essential and central point of view. The mere fact that the banking power is universal is equally important. The fact that it is not responsible is more important still. The fact that it, or its agents, are unconscious of its ultimate effects on individuals is perhaps the most important of all. No doubt the banking monopoly will destroy our society."

A Graphic Illustration

A very graphic illustration of how High Finance has made Britain, as Belloc said, "dependent upon America" was given by Thomas Johnston, Lord Privy Seal in a Labour Government, when he stated: "Twenty men and one woman—a British Cabinet— waited one black Sunday afternoon in a Downing Street garden for a final decision from the Federal Reserve Bank of New York . . . The City, the financiers and the money-lenders in New York . . . refused to put up credits in support of a balanced budget. They demanded a cut in unemployment benefit." No wonder Disraeli, one of Britain's greatest Prime Ministers, said that: "The world is governed by very different personages to what is imagined by those who are not behind the scenes."

On April 28, 1925, Sir Winston Churchill, then Chancellor of the Exchequer, acting on the "advice" of those he described as "the highest experts", announced Britain's return to the Gold Standard. A few days later he was entertained as guest of honour by the British Bankers' Association, presided over by Sir Felix Schuster, who, complimenting him on his action, said: "There might be temporary drawbacks, but they will not count in the long run." These "temporary drawbacks" lasted about seven years and consisted of approximately 3,000,000 workers unemployed. During the same time 30,000 people committed suicide in Britain, of whom it might be truthfully said that they were *done to death, by the Bank of England*. This is but one terrible example of the disorder which results from the dictatorship of High Finance, popularly known as Democracy.

John Locke, who played so important a part in bringing such misery to the modern world, died peacefully, or as he said, "in perfect charity with all man," on October 28, 1704, but the evil he did has lived on after him. There is still time for us to undo it before this disorder brings about our final ruin, if we but overthrow the secret dictatorship of High Finance, which, masquerading in the guise of Democracy, dominates our lives. All we need do is to restore the power to create money*—now the master weapon of what Pope Pius XI described as "the deadly and detestable International Imperialism of Money"—to the lawful governments of states, to which alone it rightfully belongs.

* *and to use it to equate purchasing power with productive capacity* —Ed.

This article was originally published (in the late 1950s or early 1960s) in *The Word*, a pictorial monthly magazine published by the Society of the Divine Word: www.theword.ie Paul Cahill is the nom-de-plume of a young brother of that Society.

Email Debate on Social Credit 28-30 July 2010

Henry Raynel, Robert Klinck, Helge Nome, Wallace Klinck

Henry Raynel wrote:

I contribute this article as a student of Major C H Douglas. As I understand it, the Social Credit Movement must conduct political campaigns non-party as insisted on by Douglas in several of his works. Experimental experience has proved Douglas correct.

Our big challenge is: - How do we involve in educating at least a few of the younger generation as well as other people to understanding Social Credit sufficiently to be enthusiastic enough to guide the coming demand for change.

If economic change does not get the correct guidance civilisation will continue to deteriorate into a long dark age. Top priority: Can we learn to control politicians? Can we improve our democracy with binding citizens-initiated referendums?

I personally believe our Social Credit Movement is spending too much energy and resources talking about banking technicalities and seriously lacking in the need for non-party political campaigning.

Douglas advised: Not from the top down, NO!
- from the grass roots up.

I am 86 years old, one of the generation who got reasonably good guidance and tuition from the generation who met C H Douglas. They not only read his books but many met in education discussion groups.
In my younger years I made the mistake of working for a New Zealand Social Credit Party. I had overwhelming experience of the futility of party politics.

Does anybody know of a genuine operating Social Credit political campaign as advised by C H Douglas?

What is needed?

Supplementary incomes are urgently needed to battle faulty banking and economics. As a percentage of prices, after-tax incomes of individuals are reducing. Banking reform is needed.
Supplementary incomes will come only if voters demand it. In their hearts the young generation and most parents are silently crying and bewildered about financial security. Machines and technology are our Cultural Inheritance, and the best brains are being employed to make more and better machines which make more workers redundant. Private enterprise is producing an abundance of production.

The workings of society's money supply, - how incomes are paid, - who owns, creates and manages money, - is not taught in schools. It should be. Most people still think commercial banks lend savings; but the truth is banks create new interest-bearing debt money, - when they make loans. All society's money is banker-owned compounding debt. Bankers do not manage it in the best interests of all individuals and society.

Society's money supply - our means of exchange - rightly belongs to Society.
All campaigners for social justice must campaign to demand that Government:

Change the ownership of money – take away the delegated right of private banking financiers to be the creators, owners and managers of our Nation's Money Supply - to remove that right by simple legislation - and to grant that right to an independent national money authority, independent of both politicians and private banking financiers – thereby conferring the right of creation, ownership and management of the money supply - to the Nation, Government and the people of our Nation.

In his evidence before the New Zealand Monetary Commission 1955, Mr. H W Whyte, Chairman of the Associated Banks of New Zealand said:
Banks do create Money. They have been doing it for a long time, but they didn't quite realise it and

did not admit it. Very few did. You will find it in all sorts of documents, financial textbooks, etc. but in the intervening years, and we must be all perfectly frank about these things, there has been a development of thought, until today I doubt very much whether you would get any prominent banker to agree to attempt to deny that banks create credit.

Bankers and economists are the experts, they must be pressured to advise politicians how to legislate to modernise incomes to enable every individual to have financial security. A good beginning could be simply supplementing household incomes, - "by paying every female adult $300 a week free of tax, regardless of other income".

This payment being a partial mechanism to bring total incomes in equilibrium with total prices must not enter into costs and hence prices. Mother's freedom to work must remain.
Private Banks should remain and be registered to be responsible for distributing Society's finance to all genuine industry and commerce, and remain as our nations bookkeepers creating and cancelling money flows as the system does today.

People of all ages must start using our precious democracy by asking their local MP and Parliament for what they themselves urgently need i.e. example sufficient money to feed, clothe and house their families respectably in a reasonable "Way of Life."
Society should not need to send our Mothers, our homemakers, and raisers of the next generation to also work in industry and commerce. Mothers should not need to desert their children to carers in the daytime just to get money to make ends meet.

Business Herald 5 Feb 2010 quoted jobless people receiving unemployed benefit was 276,000. We have the available work force to significantly reduce the work pressure on Mothers.

Politicians respond to the greatest pressure. Grassroots electorate campaigns must pressure local Members of Parliament to work in Parliament to have this policy enacted. When the pressure from voters is greater than the pressure from economists, politicians will pass the necessary legislation.

To be successful campaigning must be distinctively separate from party politics.

Politicians both treasure, - and fear, - losing votes and this reality is the true source of the voter's power. Any government can pass the necessary legislation.

The incomes / prices equation must be analysed scientifically, mathematically, not too much or too little. All the necessary statistical information is available. A National Credit Authority could manage and allocate a flow of money to private bankers for all that industry requires and a flow to government for government spending.

Where can the money come from?
Commercial bankers are now providing billions of dollars to the financial speculating industry; even for New Zealand, - less than half this speculating money supplied by commercial bankers for buying and selling New Zealand foreign exchange and derivatives etc. could be made available, to finance a "Mothers Financial Freedom Income".

Speculators may have total freedom to gamble with their own savings but must not be supplied with society's money supply.

Government will only act to stamp out financial gambling with society's money supply if grass roots voters demand it be stopped.

If local voter campaigns do not pressure their local Members of Parliament there will be no meaningful reform change.
Presented by Henry Raynel
28th July 2010

Robert Klinck wrote on Evolving New Economics:

I believe that early Social Crediters concluded that people should organize political pressure campaigns more or less on a per-issue basis, because any permanent, long-term organization, be it a party or any other form of association, is susceptible to penetration and sabotage. (What Karl Marx referred to as "Old Mole".)

The challenge is to accustom the population to thinking in these terms and following through so the politicians cannot resist the pressure. Of course this challenge is increased by the fact that nowadays practically everybody is directly or indirectly dependent on incomes provided by the state. Hence the critical importance of the National Dividend.
Robert Klinck

Helge Nome wrote:

I have noted that individuals and groups that pick up on Social Credit tend to focus on the National Dividend. The compensated consumer price appears to be left on the shelf. Is it because it is too "socialistic"?

Another question about Social Credit is the idea of a central organization directing the issue of liquidity in the economy. In today's world, the private banks and other groups in the shadow economy have collectively hijacked that role, leaving Helicopter Ben to throw a few bucks around when he sees fit to do so.

This new base money and credit money has little impact on the financial system because it is dwarfed by all the privately created credit money, most of which sits on the roost in the speculative economy, waiting to pounce where opportunity appears.

How should we deal with this from a Social Credit perspective?
Helge Nome

Wallace Klinck wrote:

The Dividend and Compensated Price are necessarily integrated aspects of Social Credit policy. People who shy away from the Compensated (Consumer) Price either do not understand or believe in the core of Douglas's analysis of cost which establishes that the real (i.e., physical) cost of production is actually falling with the advance of technological efficiency. They often think that the regulation of consumer (final) prices is unnecessarily complicated or intrusive - forgetting that the adjustment of price would be a macroeconomic measure and not one to be applied individually to different items for sale at the consumer level. They are suspicious that the regulation of consumer price is analogous to price-control as they have known it. Of course, price-control cannot work under the present price-system because of the premature cancellation of consumer credit, in regard to added allocated charges in respect to capital charges, via retail prices. This results in a form of "cost-push" inflation which if not met by further money issued as debt results in economic collapse. These doubters and critics do not stop to consider how the existing financial system creates artificially high financial prices in such a way as to rob them of their inalienable beneficial share in the communal capital and the economic security, individual freedom and leisure which the Dividend and Compensated Price would confer upon all citizens. They are suspicious of social control over the general price level while being seemingly oblivious to the role of the financial system in creating and dictating prices in a manner which increasingly misrepresents the true physical cost of production - in an inflationary manner which brings financial insolvency, economic insecurity, social distress, financial collapse and foreclosure and ultimately, the tendency to massive waste culminating in more or less continuous war. They think in terms of prices being set by demand and seem to forget that while there may be no upper limit to prices the limit on falling prices is the ability of the producer to remain solvent and remain in business. They do not understand that the price-system is not self-liquidating in that it does not deliver in each accountancy cycle sufficient unattached consumer income to purchase and cancel the financial costs attached to the final products of each cycle. That such products can now be claimed after a fashion through the borrowing of trillions of dollars by consumers does not establish that the price-system is self-liquidating. Debt is a charge recoverable from and carried over to and against future cycles of production and must enter into the financial prices of these future cycles. These costs are not liquidated but merely transferred as inflationary charges to be included of necessity in future prices. Make no mistake, prices under the present financial regime are very much determined by policy and convention set by the current financial system - in an increasingly anti-social manner. Social Credit policy is to remove the price-setting power of the banking institutions and producers while not interfering in the practical administration of these enterprises.

Credit today is simply financial debt. Social Credit, however, defines "credit" as 1) real credit, being the ability to deliver goods and services as, when and where required and 2) financial credit, being the ability to deliver money as, when and where required. The latter should be equated to the former and, money being merely an accountancy device, this equation should be automatic. Money, from a macro-economic aspect, should never restrict the physically possible delivery of goods and services but should only reflect and facilitate such delivery. Money should be issued at the rate of physical production and cancelled at the rate of physical consumption in order to accurately represent reality. Today, consumer income is prematurely cancelled via consumer prices by the inclusion of allocated charges in respect of undepreciated or unconsumed real capital assets. Money disappears too rapidly under the present system and its cancellation rate should be slowed.

All money for practical and for whatever purposes, and regardless of quantity, is issued under existing financial and banking conventions as repayable debt and must be recoverable from the pricing of future goods and services. When debt becomes so great as to be unsustainable, financial collapse ensues with all the pain and injustice of business and personal bankruptcy accompanied by transfer of assets from borrowers to crediters with the more liquid or financially backed crediters acquiring less secured crediters. This is the historical nature and policy, if undeclared, of the present financial dispensation, i.e., the centralization of wealth and power.

Social Credit policy is to release genuine "liquidity" into the economy in a manner that control of production policy is vested in the consumer through making freely chosen purchases with it. The consumer credits created and dispersed in order to implement the Dividend and Compensated Price, and maintain a condition of continuous debt remission, do not carry specific individual or differentiated requirements in the private economy as to the nature of production and consumption. The consumer is to be sovereign in regard to production policy. Genuine liquidity has nothing to do with the gross amount of "money" that is being created. It has to do with the ability of money spent to finally and completely liquidate or cancel financial costs attached to each cycle of production. When an institution (or individual) is lent money to boost "liquidity' this does not give it real solvency because it has contracted additional debt for the purpose of short term survival and the (usually) delusional hope of long term survival. The existing financial price-system is intrinsically and increasingly non-self-liquidating and can only be sustained by increasing drafts upon the future which take the form of debt where private debt is converted into permanent and accumulating public debt. Otherwise we could have no account balances.

Sincerely
Wally Klinck

On 30 July 2010 Helge Nome wrote:

In a nutshell, my concern is that new money released into the economy by way of the National Dividend and Compensated Consumer Price would be swallowed up in today's speculative environment where the competition for quick profits is fierce in a world-wide deregulated financial system. In other words, debt free money released into the economy would be used as a base for creating even more credit money.

I noticed in the New Zealand Royal Commision on Banking report from 1956 that excessive creation of credit money was a concern even back then. The tail has been wagging the dog for a long time.

That's why we need to get back to smaller relatively self sufficient nation-states as part of the process of establishing economic democracy. Real economic and political democracy go hand in hand and the party political system ensures that this goal cannot be achieved.

There is long-term hope as empires historically go rotten from within and break into smaller parts. The risk is that some large shark coming in from the outside will swallow up those parts.
Helge Nome

Wallace Klinck wrote:

Helge,
I cannot help but think that you are living in a confused world of orthodoxy mixed with Social Credit ideas which is like attempting to mix water and oil. The consumer credits created for the National (Consumer) Dividend and Price Compensation are cancelled as consumer purchasing power at point of sale when a retail purchase is made and they join the overall stream of credits destined for repayment of production loans and/or restoration of capital reserves. The (unethical) fierce competition for "quick" profits to which you refer is primarily due not to "Original Sin" but to the great insecurity that attends the present unstable and oscillating debt-ridden economy wherein the prospect of financial ruination is staring every entrepreneur in the face, especially at every inevitable, and repeating, deflationary phase of the financially-induced cyclical economy. This is entirely caused by the issue of money solely for production and the mistaken belief or assumption that expenditure of this money by producers as incomes paid our in the process of production will automatically provide for consumption - and the increasing necessity for pump-priming consumption with increasingly unsustainable debt. When you talk about the inflationary influence of excessive creation of credit you are concerned with conditions existing entirely within the parameters of the existing system of finance and national cost accountancy, i.e., orthodox banking or financial practice. You appear to be locked into the idea that prices should, or will, be controlled by response under the quantity theory of money by direct buyer demand - which notion is not Social Credit. If you read Douglas, you will understand that the general national price-level is to be determined by the actuarially, financially computed ratio of the national rate of total consumption divided by the national rate of total production. This is the fundamental and irreconcilable difference between Social Credit and orthodox financial rules of national cost accountancy. The success of a business will depend upon the volume of sales which it is able to attract because of consumer approval or acceptance of its product or service. This will be the essential factor in determining success of business and the allocation of productive resources. Social Credit proceeds from an accountancy standpoint and not from the orthodox theory of prices being determined by supply and demand in the context of financial demand exercised according with the quantity of money. There can be no inflation in a Social Credit context because it simply is not allowed--and there will be no irresistible upward pressure on prices because the means to liquidate industrial costs is provided, eliminating thereby the necessity of resorting to monetary debt expansion to make this cost liquidation possible at one point only to pass these costs on as new inflationary debt charges against future production--as obtains under existing unsound orthodox financial costing rules or conventions.

If you are going to understand Social Credit, you must decisively discard old ideas and think definitively, according to modern jargon, "out of the (orthodox) box." The serious student of Douglas and Social Credit must purge his mind of the cobwebs of old assumptions in order to clear the way for the entrance of the new ideas advanced by Social Credit. You once mused over the telephone while conversing with me that Social Credit appears "quite revolutionary." I can assure you that compared to the present system it is absolutely radical or revolutionary - but in the sense that it constitutes a Third Resolvent Factor offering an alternative to the present futile Left-Right Dichotomy dominated by the existing unsound and destructive system of national financial accountancy. Social Credit involves a return to reality from the existing state of unreality. I can also quite confidently assure anyone that the present system viewed by anyone living within a functioning Social Credit dispensation would certainly appear radical - insanely so.

I agree that nations must return to independent National Sovereignty (and individuals to optimal immanent sovereignty) but this cannot happen without a correction to the faulty financial system which latter sets in motion inexorable forces leading to internationalization. Nations driven to export in order to capture credits so as to compensate a growing internal deficiency of effective purchasing power must unavoidably be drawn increasingly into foreign entanglements leading toward "world governance" - a recent euphemism for ultimate world tyranny. We see how even a great power such as the United States, driven to export for financial survival, has been led to the gutting of its internal industrial base by establishing it offshore where labour and other costs are much lower - all to improve competitiveness in a vain and increasingly hopeless attempt to cope by means of exports with burgeoning debt required to meet increasing costs and prices. But as Social Credit asserts, all nations cannot export more than they import. In the attempts to do so lie the seeds of War. The existing faulty financial system accommodates and "feeds" rising cost and prices. Social Credit would counter and compensate to reverse inflation of financial costs and prices in order to bring financial costs and prices into line with real, i.e., physical, costs which are much lower and falling. The unfortunate circumstance is that the more physically advanced (capital, i.e., "tool" intensive) a nation becomes the more financially insolvent or debt-ridden it must become under the existing system of debt finance. This, essentially, is because the consumer is not credited in final prices with capital appreciation.

The political party system divides rather than unites consumer-citizens and dissipates their energies in a demoralizing manner as they become evermore frustrated and disillusioned by the increasingly obvious utter futility of jumping back and forth between or among the very forces that have proved unable or unwilling to effect the necessary beneficial changes required to eliminate accumulating debt, reduce the price level and effect the full and widespread distribution to consumers of the products of industry, while reversing taxation and the centralization of political and economic power. The essential dynamic required to reverse this condition of social entropy is individual initiative. The task of Social Credit is to inform and educate so as to galvanize and empower such initiative, the exercise of which alone can bring about constructive change. We need a cultural regeneration which has heretofore been impossible because the monopoly of the media concentric with that of finance has worked assiduously to degenerate the culture. Informed individual initiative is the mortal enemy of the centralization of power which is the operative policy of the existing financial hegemony. Recently, the emergence of universal electronic information transfer has broken that monopoly, giving Social Crediters an unexpected and unprecedented great advantage which we will fail to use at great penalty of lost opportunity. Rather than engaging in interminable debate, we must endeavour to master Douglas's ideas so as to develop the confidence necessary to get on with devising means to press effectively our policy demands upon those responsible for administering our affairs.
Wallace Klinck

These 'discussions' took place on socialcredit@googlemail.com between 28 and 30 July 2010

Social Credit in Brief

Louis Even

The economic problem of our ancestors, who had at their disposal only human labour, animal strength and a few simple tools, was to produce enough to sustain themselves. Real poverty and scarcity were constant threats. In the twentieth century, with an open continent, with the forces of nature and of applied science at our disposal, the immediate problem is to find the way to distribute an abundant production. The actuality of abundance, realised or realisable, should confer on all Canadians the following political rights in the economic domain:

1. Life – the right for each individual to be able to obtain the necessities of life, food, clothing, lodging, without having to resort to public charity.
2. Freedom – The right for each individual to choose the kind of occupation which he is best suited for, instead of being compelled to accept such work as he can find.
3. Pursuit of happiness – The right for each individual to leisure which he would be free to use in accordance with his personal initiative for material, aesthetic, intellectual or spiritual activities.

The possibility of guaranteeing these rights rests on the undeniable possibility today of producing all the necessary things for its fulfilment while using only a fraction of available human labour.

What is Social Credit?

Social Credit is a movement whose goal is to allow the consumer to benefit from the full productive capacity of useful goods. Unemployment from which people suffer today is not the result of the saturation of consumers' needs, nor of the exhaustion of products and services; it results only from the non-distribution of products and services.

Production goes forward ion accordance with the orders it receives. Orders are conditioned by the purchasing power of the consumer. This purchasing power depends on the money in the hands of consumers who have needs to satisfy.

Social Credit presents a scientific formula to make up at all times the gap which exists between the prices of products offered to consumers and the money in the hands of consumers who want these finished products. It therefore does not admit of either inflation or deflation, but automatically maintains an equilibrium between the price of production and purchasing power. It subdues money and puts it to the service of Man. It compels it to fulfil its function, the selling of production and the satisfaction of the consumer as far as natural and industrial resources permit.

As well as maintaining this equilibrium, Social Credit includes in its proposals the abolition of poverty, the social guarantee of the individual's economic security.
No-one will deny that Canada is easily able to produce enough goods to provide an honest subsistence to each and everyone. The physical possibilities exist; only the financial possibility is lacking. So it is finance that does not serve Canadians, and this is where one must find a remedy. As Henry Ford remarked, the products are there but the dollars to buy them are lacking. The producers of goods fulfil their role, but the producers of dollars fail to carry out theirs. There is an admirable technique in production, there is none in the monetary system, which, said the great American industrialist, is outdated, ineffective and it is high time to change it.

Wealth

Money is not wealth, it is only the title to wealth. Wealth comes from human or mechanical labour applied to natural resources; wealth is not lacking in Canada, but it could be much more abundant since there is much human and mechanical labour not utilised. Money comes from manufacturers of money, and because there is a shortage of it and it is not where it should be, titles to the wealth are lacking, the wealth does not get sold, production stops and poverty reigns amid plenty.

Money is composed of metallic pieces, of bank notes, and of credits or bank deposits put into circulation by cheques. Today cheques account for more than 95 per cent of business transactions. Cheques simply shift credits in bank ledgers. Deposits in banks therefore form the most substantial part of money in circulation. These deposits originate through credits granted by the banks in the form of loans, discounts, overdrafts or bond purchases. Banks are the creators of money. But they cancel this money by recalling loans and reducing overdrafts. If the creation of money proceeds faster than its cancellation, the amount of money in circulation increases; if cancellation proceeds faster than creation, the money supply decreases. There is no equilibrium between production and money because the banks do not aim for equilibrium but for their particular profit.

Moreover, advances are made to finance production, but the flow of money from the productive system does not match the rate of generation of prices of the products. It is impossible for anyone, however well-intentioned, to manage the present monetary system to accord with the needs of the public and the productive capacity to satisfy those needs.

Nationalization of banks would not correct anything, by itself. Changing the controller is insufficient, one must change the policy which governs control; in other words, it is necessary that control pursues another end, that it looks for a constant equilibrium between prices and purchasing power.

The National Credit Office

Money can be controlled socially, in accordance with the facts of production and consumption of the country, only at a national level and in accordance with a national accountancy. It is absolutely necessary to have a national monetary authority just as we have a judicial authority to administer justice.

Private banks can continue their operations with a view to profits in return for services rendered, but must no longer have the right to increase or reduce the money supply. This function must exclusively be a matter for the national monetary body, the National Credit Office.

The National Credit Office monitors the statistics of production and consumption and acts accordingly in issuing money so as to ensure that all production can be sold so long as it accords with needs. It exercises all necessary powers for reaching this objective, for which it is responsible to the nation.

The proposed technique to reach the dual objectives of Social Credit – equilibrium between prices and purchasing power, and the abolition of poverty – consists of two methods of distributing new money; the compensated discount and the dividend.

The Compensated Discount

The compensated discount aims at putting prices and purchasing power into equilibrium by creating and distributing money without inflation. The money from the compensated discount finances a reduction of the price in favour of the consumer.

If the available production is 12 billions and the purchasing power confronting it is only 9 billions, the National Credit Office decrees a 25 per cent reduction on all prices, a discount on all products at the time of sale to the ultimate consumer. That is to reduce prices to the level of the purchasing power. The discount is compensated to the retailer, that is the Credit Office repays him the money that he sacrificed by the discount. This new money is created by the Credit Office exactly in the same manner as today's bank money. It favours the consumer provided he buys; it goes to the retailer provided he sells. It sells production by lowering prices and satisfies everybody, the buyer, the retailer and the producer who is only too pleased to sell his production.

The National Dividend

The national dividend, as its name implies, is the distribution of a dividend; a sum of money representing a surplus or the revenue from capital to all members of society – therefore to each man, woman and child in Canada.

This dividend is based on the existence of the cultural heritage or social capital belonging to everybody, capital consisting in the discoveries and inventions of science. The part this capital is playing in production is greater and greater, while the part of human labour is smaller and smaller. We are all heirs to the accumulations of past generations, all capitalists, and we all have a right to at least a sufficient dividend to shield us from poverty.

Conclusion

In order to understand the possibility of the application of the monetary system advocated by Social Credit, one must not lose sight of the fact that the world has entered into the era of abundance; that if there are paupers, it is not because there are rich people, but because abundance is not distributed. Therefore there is no need to take away from the rich to give to the poor; we just have to put some technique into the monetary system and not just content ourselves with saying that money is made for man, but establish a system that necessarily puts it at the service of man, of all men.

(Adapted from *Michael*, a Social Credit paper, Rougemont, P.Q., Canada November-December 1987)

The Death-Rattle of Competitive Civilisation

Eimar O'Duffy

The first edition of this book was completed [January 1932] before the occurrence of what is called the World Crisis. The general principles and the remedy advocated, therefore, were not devised merely to meet a temporary difficulty, which, if my analysis is correct, was bound to arise. The remedies since adopted by the Governments of the world had all been examined and criticised in advance. They consist simply in economies and restrictions. In a world suffering from 'over-production'—in which wheat was being burnt in engines instead of coal, and other food crops were being dug back into the soil; in which fish was being flung back into the sea; in which fruit was being left to rot on the trees: in which cotton was being destroyed wholesale; in which every kind of raw material was falling in price owing to sheer abundance; in which every shop was packed with goods at fantastically reduced prices—we were told that we were 'living beyond our income' and must immediately economise if we were to avert disaster. 'We must cut our coats according to our cloth', said Mr. MacDonald in a broadcast address. 'We must try, of course, to get more cloth. Whilst it is limited, our garments will have to respond to its limitation.' He could hardly have chosen a more unfortunate metaphor. There is no shortage of cloth—nor of anything else except money; and until we create more money, it is useless to produce more cloth.

However, the word went forth to economise, and the State began to set an example by cutting the salaries of its employees and the already miserable pittance doled out to the unemployed. The King, very nobly, gave a lead to his people, and the people followed. Within the existing financial system, it is difficult to see what else either government or people could have done. But one need not be a 'currency crank' to see that this policy is not going to work. We have been told over and over again that a return to 'prosperity' depends entirely on a 'revival of trade'. How can trade revive if the purchasing power of the public is reduced and there is general abstention from spending? Even the patient bewildered man in the street, who has been taught to regard economics as 'the dismal (and incomprehensible) science' is beginning to ask this question. Indeed so persistent has been this demand of outraged common sense that our governors have been compelled to hedge, and to announce that the truest economy is 'wise spending'— whatever that may mean. 'That's all very well,' replies the awakened citizen. 'But suppose I do without my little luxuries—smoke less, cut out the beer, buy fewer gramophone records, and so on—won't that throw people out of employment? and shan't I be reducing my taxes and preventing the Budget balancing?' Orthodox economics has no answer to those questions.

If economy is so necessary, why do the brewers, who support the National Government, keep on advertising? If we must cut our coats according to our cloth, why does the Government stamp our letters with an appeal to install a telephone? If 'wise spending' is the truest economy why cut down the expenditure on education?

But even the economy campaign does not mark the height of 'orthodox' ineptitude. The National Government was formed, we are told, in order to 'save the pound.' The balance of trade was 'unfavourable', we were not exporting enough to pay for our imports, the 'confidence' of foreigners was being lost, and unless all that was remedied, the pound would slump, and we should soon be unable to import anything at all.

What priceless logic! We are importing too much— so we must hold tight to the Gold Standard in order to be able to go on importing. And yet scarcely had the decision been made, and a general tightening of belts begun, when suddenly it was discovered that we must go off the Gold Standard at once. What was folly and disaster on Monday became wisdom and salvation on Tuesday. What will be the policy for Wednesday is therefore a matter on which one hardly dares to speculate. Just as they are divided between Free Trade and Protection, between economy and spending, the orthodox economists are of two opposing minds in regard to the Gold Standard. Those who think it a good thing that the pound should drop to fifteen shillings will be hard set to explain why it should not be better still to let it drop to ten shillings—or even to ten pence. If not, I venture in all humility to ask, where are you going to draw the line? But they are not going to have their own way without a struggle; for there is another school determined to bring the pound back to parity—and even higher, as one bright genius has suggested. It will be interesting (though painful for the poor consumer) to watch them fight this controversy out—each so absolutely right within the limited circle of artificial financial ideas, and both so hopelessly wrong in terms of reality.

Besides economising and playing the fool with the currency, governments everywhere have also put up higher tariff walls, Great Britain has turned to Protection, and between them they have almost brought international trade to a standstill. At the same time a World Economic Conference has been arranged to try to get some of the tariffs off again by 'mutual agreement', 'goodwill', and the rest of it. It is all one tragic piece of bungling and ineptitude.

But if the policy of the National Government is wrong and stupid, that of the Opposition is merely silly. If the nation really were hard up, it would be only common sense to reduce expenditure, and salary and dole cuts, however painful, would be unavoidable—the curtailment of purchasing power corresponding to a real shortage of goods. For the Labour Party, therefore, to howl against the cuts as cruel and unjust, without showing how the cost of continuing the old scale is to be met, is simply barren emotionalism or dishonest political obstruction. Vague talk about 'mobilising our foreign investments', and spiteful clamour for the further taxation of unearned incomes, will get us nowhere. Nationalising the banks, as I have already said, is quite futile without a radical change of banking policy based on the recognition of the age of plenty; and any attempt to change that policy on unscientific lines (say, by inflation, or the issue of insufficiently secured credits) must be disastrous. It is true that Labour speakers and writers have recently become vaguely conscious of the existence of the age of plenty. But they still remain blind to its true implications —contenting themselves with setting up the banker instead of the 'capitalist' as the villain of the social melodrama, while still remaining obstinately Sisyphist in mentality, and unable to suggest anything resembling a scientific method by which the age of plenty can be exploited.

While economists and politicians play the fool in this fashion, the world's tragedy goes on. Businesses are going bankrupt, banks themselves failing, unemployment increasing rapidly. And unemployment is no longer confined to the 'working classes'. People in apparently secure positions, with incomes running into four figures, are learning what it is like to find themselves without means of livelihood. Moreover, the system of credit known as 'hire purchase' is in danger of breaking down owing to the inability of people with diminished or vanished incomes to pay their instalments, and the shops are becoming glutted with cheap second-hand furniture which nobody can afford to buy. In the shops in my own suburb I notice an extraordinary increase in the number of second-hand wireless sets offered at bargain prices. More significant still, the notice board outside a newspaper shop exhibiting advertisements for rooms to let is crowded to overflowing—all the good people in the suburb are taking in lodgers to make ends meet; and the supply of lodgings is bringing down the price to such an extent that it is hardly worth while doing it. I imagine that the building societies are finding it increasingly hard to collect their mortgages; and people are losing their homes, which stand empty, or get sold to more fortunate persons for a song. Immense numbers of people can neither pay their debts nor collect what is owing to them. In short, we are on the verge of universal bankruptcy. Nothing can avert it save a reversal of the policy of wage cuts and economy; and that policy cannot be reversed while the present financial system is maintained.

This extract is taken from *Life and Money*, 1935

Finance, Centralisation and Industrialisation

Clifford Hugh Douglas

For instance it is instructive in this connection to notice the changes which have taken place in industrial conditions (of which politics are becoming a reflection) subsequent to the industrial revolution of the late eighteenth and early nineteenth centuries. Prior to this time the workman, his tools, and his policy were to a large extent united in one and the same person; industrial initiative was decentralized, and industrial problems were not serious. With the advent of machinery came the intervention of the financier into industry, willing to provide the able craftsman with means to extend the exercise of his skill on payment for his services.

The development from this stage, through the small workshop run on borrowed money by the enterprising man who both worked himself and directed the work of others; through the larger factory in which the function of the craftsman ceased to be exercised by the employer, who retained only the direction and management; to the large limited liability company or trust, in which the craftsman, the management, and the direction of policy became still further separated, has been logical and rapid, and this development carries with it changes of a fundamental character.

As has already been pointed out, behind all effort lies the active or passive acquiescence of the human will, which can only be obtained by the provision of an objective; and the separation of large classes into mere agents of a function has made it possible to obtain the more or less complete co-operation of large numbers of individuals in aims of which they were completely ignorant and of which, had they been able to appreciate them in their entirety, they would have completely disapproved……. The power which wealth has given over education and its interaction with ecclesiasticism have combined to foster the idea that so long as the orders of a superior were obeyed, no responsibility, rested on the individual. It is not, of course, suggested that commercial policy has been deliberately and uniformly dictated by unworthy motives—far from it; nor is it unlikely that, had the processes of production and distribution been separated from any control over individual activity along other lines, its development might have been in the best interests of the economic system; but since it has been accompanied by a growing subjection of the individual as a complete entity to the machine of industrialism, it is unquestionable that the centralisation of power and policy and alleged responsibility in the brains of a few men whose deliberations are not open to discussion; whose interests, largely financial, are quite clearly in many respects opposed to the interests of the individuals they control and whose critics can be victimised, is without a single redeeming feature; and is rendered inherently vicious by the conditions which operate during the selective process. When it is further considered that these positions of power fall to men whose very habit of mind, however kindly and broad in view it may be and often is in other directions, quite inevitably forces them to consider the individual as mere material for a policy—cannon fodder, whether of politics or industry--the gravity of the issue should be apparent…….

While the concentration of effort on the methods of industry has resulted in an enormous advance in the application of machinery to work which previously had to be performed by hand, it is realised that the financial and economic system is so arranged that labour-saving machinery has only enabled the worker to do more work; that any reduction in hours is bought by increased strenuousness, and that the ever-increasing rate of production, paralleled by the rising price of the necessaries of life (clearly attributable to the control of production in the interests of the capitalist rather than the consumer), is a sieve by which are eliminated all ideas, scruples, and principles which would hamper the individual in the scramble for an increasingly precarious existence……..

……it will be evident that the real antagonism which is at the root of the universal upheaval with which we are faced is one which appears under different forms in every aspect of human life. It is the age-long struggle between freedom and authority, between external compulsion and internal initiative, in which all the command of resource, information, religious dogma, educational system, political opportunity, and even apparently economic necessity, is at the disposal of the will-to-power, and only history offers grounds for the expectation of any measure of success on the side of freedom. This antagonism does, however, appear at the present time to have reached a stage in which a definite victory for one side or the other is inevitable. It seems perfectly certain that either a pyramidal organisation, having at its apex supreme power and at its base virtual subjection (however disguised by Garden Cities and Ministries of Health), will crystallise out of the centralising process which is evident in the inter-related realms of finance, industry, and politics; or else a more complete decentralisation of initiative than this civilization has ever known will be substituted for external authority.

The issue transcends in importance all others; the development of the human race will be radically different as it is decided one way or another; but as far as it is possible to judge, the general advantage of the individual will lie with the extension of centralisation in the provision of material facilities, combined with the evolution of the progressively decentralised power of decision in respect of their employment.

Extract from “The Pyramid of Power” *The English Review* (1919)

www.douglassocialcredit.com

Pen Meets Paper

Helge Nome

The eyes of most people glaze over when the word "economics" appears before them.
Intuitively, "economics" belongs in the world of eggheads and the like. Economists are people who construct elaborate theories based on countless charts, graphs and tables.

And their one claim to fame is that history usually proves them wrong. Economists have a lot to learn from the Greek Oracle of Delphi, to whom budding warlords came to find out about the fates of their adventures: The message was likely that someone would win and someone would lose (read my lips). And since the loser was very unlikely to lodge a complaint against fees charged, due to capitation, being an oracle was a relatively safe occupation.

Economists, on the other hand, live in a very insecure world. They tend to survive each unpredicted financial crisis based on a fatalistic sense of humor. When asked a couple of years ago by Her Majesty, Queen Elizabeth: "But didn't you see this crisis coming?", highly paid economists from the London School of Economics answered. "Sorry ma'am, we didn't", like a bunch of school boys (which is exactly what they are and don't mind admitting it).

In a way, economists and politicians ride in the same chariot together: They are the object of public scorn and head shaking and so successfully divert the public mind from the real underlying issues of the day.

And in economics there are some very real issues ahead that we will collectively have to face, like it or not. The fabled economic recovery is just not happening. The economic engine is spluttering, running out of monetary stimulus fuel injected by our governments who have borrowed privately created money at interest for the purpose. So now the budget deficits are rising rapidly, bringing forth the slash and burn mentality, once again.

Economists, living in their familiar fairy land of rising graphs look, as always, for positive signs and talk them up when they see them. The stock and money market speculators follow suit and up go the numbers. Until the next panic, that is. And so it goes. Greed and fear, bull versus bear. A life in a primitive land of craving and suffering. Some would call it the world of the animal.

Does it have to be that way? Not for a minute. Contrary to popular belief our financial system is not some kind of natural phenomenon like the weather. It is designed and maintained by humans who have a vested interest in making us believe that it is, indeed, something out of reach to change. Then these same people can continue to benefit from the wild oscillations of the system at our expense while our egghead economists fail to predict the next crisis. Come to think of it, chickens have their origins in eggs. They are also herd animals with no claim to intellectual brilliance. Perhaps the term "egghead" has something going for it?

Review Comments

Understanding the Financial System: Social Credit Rediscovered
Frances Hutchinson
Jon Carpenter 2010
ISBN: 978 1 906067 09 0
£15 pb 277

Sustainable Economics, July 2010
I am, perhaps, biased in favour of the theme of this book, which is exposing both the history of the widespread and rapidly growing support for SC, despite the hostility to it in the public media, in the period between the World Wars, and the distortion of history to discredit it and to minimize attention to it, since WW2, with virtually complete elimination of its ideas from the teaching of economics – and the use of accusations of anti-semitism to stop any discussion of the issue.
While I had foreknowledge of much of the book's contents, I found this considerably expanded by the detail it contains. It contains

many extracts from material both for and against SC, and lengthy discussion of its origins and related ideas, from Guild Socialism, the writings of Thorstein Veblen, and Rudolph Steiner's conception of the *Threefold Commonwealth* – the three related spheres of society: cultural, political and economic. In all, it shows how tragic was the failure to introduce reform of the system of money creation and distribution in the 1930s.
Douglas argued that the aims of everlasting economic growth and 'full employment', despite the growing use of machinery to replace human labour, were unrealistic and unsustainable. He predicted as early as 1920 that, if the creation of money remained in the power of private banks and distribution of purchasing power through National Dividends was not instituted, with adequate money issued into existence to end 'poverty in the midst of plenty', then worldwide depression would result, and lead inevitably to WW2. National Dividends would introduce 'economic democracy' and establish the 'sovereignty of the individual'.
Douglas noted that while money was in desperately short supply in peacetime, it was created as freely as required in time of war.
He did not propose any detailed way to change the way money should be created, but argued that it should be for public benefit, not private profit. Subsequent experience amply confirms his views. 'He who pays the piper calls the tune'. The banks are the 'piper', and they 'call the tune' of all other institutions, including governments.
Brian Leslie

* * *

On Target, Australia
…….in 1694, a group of six individuals formed the Bank of England to grant a loan to William III for war. The security was the legal right of Parliament to impose taxes. As Hutchinson remarks: "Governments have been in debt to bankers ever since". (p.34) This sets the historical scene as "debt-finance came to dominate policy decisions, not only in matters of preparation for war but also in determining forms of financially profitable production. Military and industrial enterprises waited on the availability of finance for authorisation to proceed, and increasingly such availability of finance was debt-based". (p.35)….
…. People have thus been transferred from community-based peasants with a rich cultural life into "property-less, debt-owing, wage/salary-earning proletariat". (p.47) Control was "exercised through enlisting the willing co-operation of the populace", through "emulative consumerism, in conjunction with patriotism and war". (p.47) Control is also secured by controlling "the story" through the media and education institutions. …….
…….. Social Credit was tried in Alberta Canada in the 1930s and destroyed by the power of international finance. Hutchinson devotes two very soundly written chapters to this sorry story. Stated simply, a democratically elected social credit government, which aimed to move beyond the "defective system of bank-loan accountancy" was frustrated at every turn; the financiers feared that if social credit succeeded in Alberta, there would be a snow-ball effect and other suffering communities would adopt these policies. How this was done was quite complex and Hutchinson details the events in her book, blow-by-blow, as it was. Legal and propaganda methods were used…….
Writing in her concluding paragraph Hutchinson says: "An academic world run according to the pecuniary rules of 'sound finance' could scarcely have been expected to accommodate an open-minded approach to study across the spectrum of the arts and sciences…. The major problem of fighting international finance and the corporate control of the world remains with us. Our first act of resistance is to at least understand the historical roots of the problem and Frances Hutchinson's "Understanding the Financial System" is an enormous contribution to this task.
James Reed

* * *

New View, Summer 2010
Though here is not the place to conduct an analysis of Douglas's thinking, his main concern was with how to distribute purchasing power in an age increasingly characterised by labourless income. In his view the financial system as then constructed and conceived was flawed by a mismatch with the needs of real production and consumption. The central role played by banks in

the administration of finance and the 'creation of money' brought him into head-on confrontation with banking interests whose understanding of money and effective control of credit he challenged.

A couple of other phenomena which he describes are also worth pondering, namely: *The Increment of Association*; "Men associate together in industry because there is a true unearned increment in association - a telephone system requires a population to give it a value; ten men pulling on a rope can accomplish that which ten separated men could never achieve. With the growth of machine production and the utilisation of non-human sources of energy, this unearned increment is growing enormously more important than the earned increment about which the Syndicalist, in particular, is so concerned….. And: *The Common Cultural Heritage;* "The early Victorian political economists agreed in ascribing all "values" to three essentials: land, labour, and capital. … But it is rapidly receiving recognition that, ….. there is now a fourth factor in wealth production, the multiplying power of which far exceeds that of the other three, which may be expressed … as the "progress of the industrial arts." Quite clearly, no one person can be said to have a monopoly share in this; it is the legacy of countless numbers of men and women, many of whose names are forgotten and the majority of whom are dead. And since it is a cultural legacy, it seems difficult to deny that the general community, as a whole, and not by any qualification of land, labour, or capital, are the proper legatees. … the chief owners, and rightful beneficiaries of the modern productive system, can be shown to be the individuals composing the community, as such."

Observations such as these show that Douglas tried to grapple with new circumstances 20th century global economics in which the problem or 'gift' of surplus looms large.

Hutchinson forcefully puts a case for better understanding the relatively new phenomenon of missing purchasing power linked to capital aggregation. One might assume that orthodox economics only either did not understand, or was not able to respond to, the case Douglas makes; however, Hutchinson makes the case that the "very force of reaction of the 'powers that be'" should remind one that money is a social and therefore not a neutral phenomenon. She has done a scholarly service in bringing to light some of the underhand practice and outright misrepresentation by which Douglas' interesting and insightful views have been dogged.

Arthur Edwards

Finance and Farming
Philip Mairet

"….nothing but access to the National Credit could save all that the countryman values. To make the land support two labourers where it used to support twenty is a poor way of saving the countryside…. no industry would profit more brilliantly than farming from Social Credit and the Compensated Price system. An immediate rise in the standard of living would absorb everything that farmers could produce, for it would be sold at only a proportion of cost at the expense of our abundant National Credit. Farmers would not only flourish, but again be able to farm in the ways they believe in, not slave and pinch with the sole aim of redeeming mortgages."

Extract from review of *Farmer's Glory* by *A J Street*
The New English Weekly, 25 October 1934

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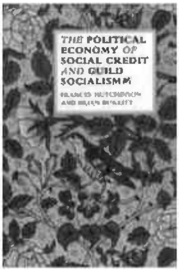
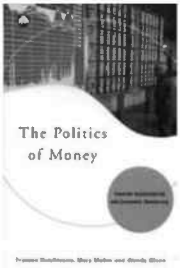
Recommended Reading



Frances Hutchinson & Brian Burkitt
The Political Economy of Social Credit and Guild Socialism

(Jon Carpenter £12.99)

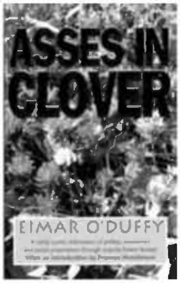


Frances Hutchinson, Mary Mellor & Wendy Olsen
The Politics of Money: Towards Sustainability & Economic Democracy

(Pluto £16.99)

Frances Hutchinson
What Everybody really wants to know about Money

(Jon Carpenter £12.00)



Eimar O'Duffy
Asses in Clover

(Jon Carpenter £11.00)

Frances Hutchinson
Understanding the Financial System: Social Credit Rediscovered

(Jon Carpenter £15.00)

Frances Hutchinson
Social Credit Rediscovered

KRP £2.00

For reviews of all these publications, please see our website: ***www.douglassocialcredit.com***

Books by C H Douglas
(available in the Social Credit Library)

Economic Democracy

Social Credit

The Monopoly of Credit

Warning Democracy

Credit Power and Democracy

The Control and Distribution of Production

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If you wish to comment on an article in this, or the previous issues, or discuss submission of an essay for a future issue of *The Social Crediter,* please contact the Editor, Frances Hutchinson, at the address above.
(It would be very helpful if material were submitted either by e-mail or on disk if at all possible).