

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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### THE SOCIAL CREDITER FOR POLITICAL AND ECONOMIC REALISM

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### From Week to Week

Clearly the coping stone of the policy consolidated in the *Joint Interim Report* to be found on pages 219 to 230 of the *Trades Union Congress Record*, 1926 (it is not easy to get), the literary outcome of the conferences which had preceded it between Benjamin Turner and Alfred Moritz Mond for the joint Big Business and Big Union control of industry and, indeed, of human society, is on the hoists and is about to be lowered into position.

The re-emergence of that enigmatic figure, Viscount Samuel, into the full light of political prominence has that ominous significance. Let us explain.

We are back in the politics of 1926, the politics of High Finance and the General Strike, with the public mind fully informed only by one outstanding commentator, C. H. Douglas, whose penetrating analysis in "The Brief for the Prosecution" first appeared in *The Social Crediter* between May and September, 1944, to be published *in extenso* in book form the following year. Unquestionably those most involved have read it and have succeeded in preventing most other people who might be interested from enjoying the same privilege—one not unimportant effect of the enhanced power of centralised anti-social forces attained in twenty years.

The Mond-Turner agreement, associated with the rise of the British Trades Union Congress (moved to convenient offices owned by Imperial Chemical Industries), guaranteed 'Peace in Industry' (*i.e.*, no official strikes), the workers being promised Work ('Full Employment') on the 'best possible' wages terms, in return for their relinquishment of any claim to dictate the *policy* of production—*i.e.*, whether for peace or war, work or leisure, sufficiency or abundance, satisfaction or dissatisfaction in terms of human life. Industrial 'democracy' was sold. The price it was to pay was all that is implied in the phrase 'The Work State.' The

instalment plan and the perpetual mortgage in conjunction were implicit in the situation. If there was any doubt concerning the outcome of the arrangements it was in the direction of their permanency.

Already a lecturer of the London School of Economics has been called to the microphone of the British Broadcasting Company to suggest that traditional Trades Unionism is now in the melting-pot; the *London Times* prints Viscount Samuel's idea of Public Opinion (the same public opinion which is said to have conceded the Liberal Party a few extra votes but no extra seat at the General Election a day or two before); the B.B.C. extends his influence; and the British Government advises Her Majesty the Queen to declare a State of Emergency under the Act of 1920 and, thus armed, at once makes the minimum of Regulations required to deal with the situation, but "will not hesitate to take additional powers should the situation demand it."

Who will be the Ben Turner (Sir Benjamin Turner, C.B.E., in 1928 Chairman of the T.U.C.), of the new 'peace' in Industry? His identity is not yet apparent. A Glasgow Scot controls (?) I.C.I. (a 'monopoly' which 'Labour' treats with exceptional indulgence). Only Viscount Samuel stays the course. Will he succeed where he failed before—for the mere calling off of the General Strike was only a preliminary? Will 'public opinion' play the rôle assigned to it?

The answers to some at least of these questions will soon become apparent to those who hold the key, and not perhaps to many others.

Quotations indicated in what follows are from Chapter IV of *The Brief for the Prosecution* by Douglas. It must be remembered, he says, that after the first phase of the World War "the Labour movement was not so much, as it once had been, a wage negotiating body; it had become under international influence a revolutionary political organisation openly claiming the right and the intention to substitute Marxian Socialism for what, without understanding the term, it designated as 'Capitalism.' The ordinary employer, by which is meant the small and medium sized industrialist of the older type rather than the directors of 'public' or international companies or cartels, was forced, in many cases against his desire, into a position of antagonism to his employees because it became obvious that industry was being transformed into a battleground of politics, in which he was being attacked without scruple, not only by the Trades Unions, but by the financial cartels, both aiming at monopoly.

"Neither the individual workman, nor his employer, had the time or opportunity to realise that they were equally the

catspaws of a common enemy, and that their legitimate grievances were being used to stampede them into a common ruin.

"It is necessary to appreciate this situation before the background of the next phase and its bearing on the underlying policy can be seen to be coherent. The General Strike of May 3-12, 1926, ostensibly developed from a failure to adjust the situation arising from the termination of the subsidy, which amounted to about £24,000,000, paid to the coal industry—a subsidy which had been granted under perhaps the most inept handling (as it appears) in the records of Government. After having stated that under no circumstances would it be paid, the Government suddenly reversed its decision, agreed, under the most nebulous stipulations, to pay a subsidy, and simultaneously proceeded with open preparation against a general strike, which could be provoked at any moment by withdrawing the subsidy.

"In 1920 a Royal Commission under the Chairmanship of Mr. Justice Sankey, a Socialist, had investigated the conditions obtaining in the Coal Industry, and certain witnesses had recommended the nationalisation of coal. It was commonly stated that the pressure towards this object, together with that for the nationalisation of railways, proceeded from international loanmongers who wished to have tangible assets, rather than mere taxing power, behind the large amount of the British Debt which they held. At that time the proposal was not implemented, partly, no doubt, by reason of the extremely discordant nature of the several minority reports which had accompanied its findings.

"On March 10, 1926, the Coal Commission under the Chairmanship of Sir Herbert Samuel [later Viscount Samuel], issued its report recommending *inter alia* that the State should buy the coal from the mineral owners compulsorily, on very advantageous terms, paying for it in paper money, and that the miners should accept a reduction in wages. The Chairmanship of this Commission, and its recommendations (particularly its emphasis on the principle of property in coal) should be borne in mind in connection with the Mond-Turner negotiations . . . , the amalgamation of Brunner, Mond and other chemical concerns into Imperial Chemical Industries, the Chairmanship of the Fuel Research Board (Governmental) by the Chief Chemist of Imperial Chemical Industries, the acquisition of the coal from the mineral owners under the Coal Act of 1938 which took place in July, 1942, and the general drift towards the adoption of a Cartel-Trades Union 'Democracy,' in which the ordinary individual, and even his House of Commons, become an unimportant factor awaiting absorption or elimination. The Miners' Federation rejected all that part of the Report which affected them, but supported, without understanding, the 'nationalisation' of coal.

" . . . A Royal Proclamation declaring a State of Emergency as contemplated in the Emergency Powers Act of 1920 was issued on May 1, and on May 3 the General Strike came into effect. Official negotiations between the Government and the General Council of the Trades Union Congress, who were directing the strike, were completely abortive.

"Sir Herbert Samuel was apparently in Italy during the negotiations which preceded the Strike, but on its declaration at once returned to England and began 'unofficial negotia-

tions for a settlement'—on the face of it, with no special qualifications for intervention."

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Viscount Samuel begins his *Times* letter: "In this strike of the locomotive engine-drivers the issue is the same as it was in the General Strike of 1926." He is quite right, it is; and that is why his re-emergence is an impertinence, and why the suggestion he makes, however guardedly, that he should be again 'accepted' as a mediator by the Trades Union Congress (upon whose shoulders every effort is being made to place the onus of responsibility for a settlement) should be studied with more care and much closer study than was earlier the case. There is not much time, but there is enough time for steps to be taken to enlighten the trades unionists concerning the nature of the 'identity' which exists between the policy of 1926 and that of 1955. We should be surprised if the 'nine days' of Viscount Samuel's pacificatory labours in 1926 are not quite enough to turn the 'recalcitrant' foot-plate men into obedient lambs. The main work—the painstaking raising of 'the coping-stone' to the arch of the financial industrial palace of 'peace' lies ahead. It may be, but it ought not to be impossible to lead one or two key men among the trade unionists to a clear understanding of the high financial policy of 1926—and, as Viscount Samuel rightly says, it is the same now! In 1926, if our memory serves, Mr. Ben Tillet was not deceived, as his colleagues were as to the meaning of Mond-Turnerism. Who will be the Ben Tillet of Mond-Turnerism with a new look? "

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There will be no 'Peace in Industry,' and there will be no Peace in the world until a commencement has been made towards the substitution of the wage system by the dividend system, progressively, so that livelihood, and livelihood at a high level, is no longer denied to those who are displaced by improvement in process, which is accelerating. The economic phenomena of the great depression—the 'object lesson' staged to mislead 'recalcitrant' electors as to the realities of the age in which we have long been living—were the result of conscious intention, *which has not changed and will not be changed* until its inherent unworkability has brought us well nigh to destruction. And is that not now?

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"Congressional investigators now at work will seek to find out the truth of a story which went the rounds in war-time Washington, that some official in the Roosevelt administration betrayed German Underground leaders to the Gestapo, thereby causing their execution and the break-up of Underground activities against Hitler.

"Members of Congress would like to know definitely why several years of war and hundreds of thousands of American casualties were lost by failure to take advantage of this 'secret weapon against Hitler.' Diplomats would like to know why we failed to utilise this weapon to stop Stalin's blackmail at Teheran and Yalta and to ensure an enduring and peaceful settlement of both Europe and the Far East."—*Human Events*, April 23, 1955.

## Money is not Wealth

With the permission of Mr. L. Withall, Federal Director of the Associated Chambers of Manufacturers of Australia and Editor of their *Canberra Letter*, we republish his article under the above title, together with our letter to him on the subject:

"There should be no confusion between purchasing power and money. They are by no means the same thing. Purchasing power is things, money is figures. The total purchasing power of a country is equal to the wealth it creates. Money is merely the yardstick by which that wealth may be measured.

"An increase or decrease in the amount of money in circulation, with no corresponding change in production, does not affect the wealth of a country in any way. If the production is not changed, the quantity of wealth is not changed and it is the value of the money which is affected. The currency becomes worth more or it becomes worth less. We say it suffers deflation or inflation.

"Money is necessary to the machinery of trade in just the same way that oil is necessary to run the machinery of nuts, bolts, gears and shafts. It helps it to run smoothly. In fact, without some form of exchange medium, the machinery of modern trade would seize up just as ordinary machinery would do without oil.

"But, again, just as it is quite erroneous to imagine that the more oil we put in ordinary machinery, the more efficiently it will run, so it is equally erroneous to imagine that the more money we allow to circulate, the more trade will be produced.

"A man reckons his wage or salary in terms of money. For this reason, he gets to thinking that the more money he receives, the more wealth he gains. This is not so. The only way he can really gain more wealth is to produce, or help to produce, more goods. If wages and salaries rise with no corresponding increase in production, all that happens is that prices rise in equal measure and no more goods can be bought with the new incomes than could be bought with the old. Purchasing power has not risen; money has decreased in value.

"The way to increase purchasing power is to increase productivity. If an hour's work produces more goods, it produces more wealth and, if salaries and wages remain static in monetary terms, they will still buy more goods and that is wealth. Their purchasing power is increased.

"Money is simply the tape measure of production. It does not produce. An increase in the amount of money in circulation without a corresponding increase in production of goods merely raises prices—the cost of living goes up and we are no further ahead. An increase in the production of goods is an increase in wealth whatever the money situation.

"It is well to remember that there is only one way to increase the height of a pillar—build some more on to it. It certainly won't be done by the stretching of an elastic measuring tape."

Our letter, dated May 16, 1955, to The Editor, *A.C.M.A. Canberra Letter*:

"Your note, 'Money Is Not Wealth,' in the *A.C.M.A.*

*Canberra Letter* No. 743, 5th May, 1955, is of some interest to us; with your permission, we would like to publish it, together with this letter, in *The Social Crediter*.

"The confusion between money and wealth really dominates all 'official' economic theory, and is, indeed, embodied in the accountancy practice of industry. Money is a *claim* on wealth, which latter is defined in Social Credit literature as the capacity to produce goods and services as, when and where required. The current conception of money appears to be that it is an emanation of industry and agriculture—that producing goods which can be *valued* in money figures means that the money is automatically available. In fact, however, money, which is predominantly bank-credit, is 'produced' by the banking system, and the quantity of money varies not with the productivity of industry, but with the credit policy of the banking system.

"It is not quite correct, therefore, to say that money is the tape-measure of production; it is more accurate to say that valuation in financial terms is such a tape-measure. This valuation is, under modern systems of cost-accountancy, based on costs reckoned in monetary units—at all events, cost represents the lower limit of price, while what an article will fetch represents the upper limit—but in any case, measurement in terms of an elastic unit is quite unsatisfactory, as you correctly imply.

"We are glad to observe that this important matter has come under notice in your *Letter*. The relationship between credit policy and manufacturing costs must be of growing concern to industrialists. Your analogy of the oil is as much as to say that money should be the servant and not the master of industry—which, with the proviso that industry should be the servant of free men, and not, under the guise of Full Employment, their master, is a proposition with which we should agree."

## Full Employment?

"Related to the 'eye,' and another development of electronics, is machinery which can perform with incredible speed certain functions of human thinking. It can perform mathematical 'calculations' of extreme complexity and great length. We are certainly only on the threshold of these developments, which will transform industry, as the introduction of solar energy transformed 'manu'-facture.

"So immense, so far removed from mere animal existence, are the processes and developments we have been considering, that it is all too easy to misapprehend them; and the very division of labour confuses the total picture and conceals the totality. To gain some perspective and clarity, it is legitimate to adopt a special point of view.

"So we may consider Mankind and its history as if it were one man who has lived part of his span of life. In the beginning, that man is a helpless infant, whose almost sole external activity is suckling at his mother's breast. Later, he is a child, taking more concentrated foods, and possessing a surplus of energy which he spends in play; but that play teaches him the techniques embodied in his cultural environment, and he learns more and more how to do things for himself. By degrees his play becomes more purposive; it is consciously directed to the acquisition of knowledge and skill.

"At some point the child begins the accumulation of possessions. To begin with, they are toys, but soon they become tools in the more general sense. By virtue of the knowledge gained and the tools accumulated, the child become adult is able constantly to add to his possessions; and some of these outlast his lifetime and pass to his successors.

"This man displays two essential types of activity: there are those that merely subserve his simple existence, and those which are a sort of efflorescence. The former are those which relate to the production of the materials for his necessary consumption of food, clothes and shelter, and the latter those which relate to his production of permanent assets in the most general sense. The former activity is the production of consumer's goods, and these, of course, may go far beyond the bare necessities; the latter is the production of capital goods.

"Now just as one man can pursue both types of activity, so Mankind does. The division of labour means that one man grows wheat, while another lays bricks to build houses.

"But if it is possible for one man to do more than provide for his own sustenance, and he devotes his surplus energy to capital activity, in the broad sense, then the same is true of Mankind; and there is an exceedingly important special consequence. Mankind in the aggregate has been engaged during its history in the construction of an industrial machine, just as the individual in his spare time may engage in the construction of his own workshop. The result of this aggregate activity has been to shift the burden of the maintenance of life from the backs of men on to the backs of machines. The consequence is, in Major Douglas's unsurpassed description, that 'the industrial machine is a lever, continuously being lengthened by progress, which enables the burden of Atlas to be lifted with ever-increasing ease. As the number of men required to work the lever decreases, so the number of men set free to lengthen it increases.' (*Credit-Power and Democracy*.) This is the conception known in mathematics as acceleration; in production, if the principle of 'capitalisation' can be introduced at all, it results in an acceleration of capitalisation.

"But there is a limit to the amount of capital which can be usefully utilised; there is no sense whatever in adding to the number of boot-producing factories when the existing factories can produce all the boots that people want; there is a limit to the miles of railroad which will be put to use; and the limit to capitalisation is approached at an accelerating rate.

"The difficulty at this point is to obtain a comprehensible estimate of the magnitude of this process. Probably the clearest picture is given by the war-time activities of the United States of America. During the war, the general standard of living in America rose by 40 per cent.; at the same time, twenty-one million people were engaged in the armed forces and in munition production, and were therefore a pure drain on the resources of the country; the munition production reached an almost incredible volume, and consisted of a considerable proportion of highly elaborated production, including complex new inventions; and on top of this, tremendous industrial resources were devoted to research into and production of 'atomic energy.' The meaning of all this is that it was a complete demonstration of the fact that a small proportion of the population could provide the requirements for a high standard of living of

the *whole* population, and that at the same time another proportion could increase the capitalisation of the country."  
—Bryan W. Monahan: *An Introduction to Social Credit*.

### Size

"It is not fashionable to say much nowadays of the advantages of the small community. We are told that we must go in for large empires and large ideas. There is one advantage, however, in the small state, the city, or the village, which only the wilfully blind can overlook. The man who lives in a small community lives in a much larger world. He knows much more of the fierce varieties and uncompromising divergencies of men. The reason is obvious. In a large community we can choose our companions. In a small community our companions are chosen for us. Thus in all extensive and highly civilised societies groups come into existence founded upon what is called sympathy, and shut out the real world more sharply than the gates of a monastery. There is nothing really narrow about the clan; the thing which is really narrow is the clique. The men of the clan live together because they all wear the same tartan or are all descended from the same sacred cow; but in their souls, by the divine luck of things, there will always be more colours than in any tartan. But the men of the clique live together because they have the same kind of soul, and their narrowness is a narrowness of spiritual coherence and contentment, like that which exists in hell. A big society is a society for the promotion of narrowness. It is a machinery for the purpose of guarding the solitary and sensitive individual from all experience of the bitter and bracing human compromises. It is, in the most literal sense of the words, a society for the prevention of Christian knowledge."—G. K. Chesterton in *Heretics*.

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"Viscount Samuel, who is 84, has been ordered by his doctors to take a complete rest for a few days"—*The Sunday Times*, June 5.

"I'm going to bed, Albert. I can't keep going on like this. It's a physical impossibility. I'll just crack."—Mr. J. Baty, A.S.L.E.F. strike-leader, to a *Sunday Express* reporter.

## THE BRIEF FOR THE PROSECUTION

by C. H. Douglas.

This book is the last of the contributions to the understanding of world politics written during the war of 1939-1945 by the author of SOCIAL CREDIT. The series began with THIS 'AMERICAN' BUSINESS (August, 1940) and continued and expanded with THE BIG IDEA (1942), THE 'LAND FOR THE (CHOSEN) PEOPLE' RACKET (1943), and, PROGRAMME FOR THE THIRD WORLD WAR (1943).

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