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FOR POLITICAL AND ECONOMIC REALISM

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## Letters from Douglas

TO KEEP THEM ON RECORD, AND FOR THE BENEFIT OF THOSE READERS WHO HAVE NOT PREVIOUSLY SEEN THEM, WE RE-PUBLISH A SELECTION OF LETTERS WRITTEN BY MAJOR C. H. DOUGLAS TO, AND PUBLISHED BY, *THE SCOTSMAN*.

IN SOME CASES, LETTERS ON THE RELATIVE SUBJECT PUBLISHED IN *THE SCOTSMAN* ARE INCLUDED.

ALL LETTERS WERE PUBLISHED IN *THE SOCIAL CREDITER* SHORTLY AFTER THEIR APPEARANCE IN *THE SCOTSMAN*.

### Glen Affric

Sir,

In endorsing, from personal knowledge and experience, the opinions expressed by Sir Douglas Ramsay on this matter, I should like to suggest that the question has an importance which transcends its Scottish application. For reasons of space, the considerations I have in mind may be put in categorical form, but all of them are easily susceptible of elaboration and proof:—

(a) The idea that very large undertakings are "efficient," either in the narrow technical sense or in the wider economic and political connotation, is not borne out by fact. There has been a good deal of investigation into this problem. "Planning," as generally understood, is equally unsound.

(b) There is a direct connection between the large-scale industry, manufacture of non-consumable goods for export, and the great wars of this century, and there is solid ground upon which to base the opinion that unless we revise our preconceptions on the whole subject, no victory, however complete, over Germany, will do more than lay the foundations of a still greater war. German arguments for *Lebensraum*, and the ideas that the British Empire and the United States require foreign markets, are equally fallacious.

(c) Individuals, whether in the Highlands or elsewhere, are not interested in the establishment of more "industry" for its own sake. Neither, on the other hand, are they willing to resign the processes of modern economic life to large undertakings, whether Corporations or States, which have not been conspicuously successful in giving satisfaction. I think that there is a widespread and growing determination to obtain the opportunity to do a little personal planning, rather than to become further involved in unwieldy and unmanageable Frankensteins, whether economic or political.

I am etc.,

June 26, 1941.

C. H. DOUGLAS.

### Man or State?

Sir,

In thanking Miss M. T. Munro for her sound and thoughtful letter in your issue of Thursday, may I suggest that the first essential to progress in the direction which she desires is that we should escape from Utopia?

Germany, Italy, Russia are all Utopias. They are the result of the rise to power of groups, or of figureheads empowered by groups, each of which succeeded in persuading an uncritical population that some "ism" could be imposed upon a large population from above, and that therefrom would come the millenium. Such an "ism" was most frequently the outcome of the literary effort of failures in the world as it exists. It is a bad world, and it does not appear to be getting better, but I feel confident that ability to do some task in it well, however small that task may be, is a sound qualification for suggestions as to the next step.

The millenium would have come for most of us if we were able to realise our private Utopias. If that could be done to a reasonable extent, and it is by no means so difficult as it may sound, most of the frictions of life, which arise from the desire of some organisation to impose its Utopia upon us, would disappear.

But a comprehensive and imposed Utopia ignores the fundamental uniqueness of the individual—the constant increase of tastes and aptitudes with cultural progress. It is most unfortunate that the Christian Churches, with their domination by the Old Testament, pay far too little attention to the primary message of the New Testament, which stresses this uniqueness.

There are certain very practical deductions to be drawn from these considerations. Since laws pretend to be no respecter of persons, every increase in the number of our laws is a contradiction of the fact that the relation of the developing individual to a given set of circumstances is

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#### LETTERS FROM DOUGLAS—

(continued from page 1.)

increasingly individual. We want far less law, instead of the spate of new laws we are getting.

The second, and very urgent matter is that if the Parliamentary system is to survive, it must be recognised that the member must become, what he is not, a representative. Government by Cabinet is bad, but Government by Cabinet, claiming to be responsible to delegates who allow themselves to be put in the position of experts is intolerable. This is the present position.

The comprehensive Utopia is the result of the organised centralisation of the will-to-power. Its defeat and our escape from it cannot be by way of alternative Utopias of the "planned" variety, but by the organic growth resulting from its progressive decentralisation.

I am etc.,

July 19, 1941.

C. H. DOUGLAS.

#### Our New Order

Sir,

Mr. W. H. F. Murdoch, in your issue of August 6, is, I think, approaching closely to the core of our present discontents. Under various and specious disguises, we are being stampeded into monopoly. It is almost irrelevant whether we call it State Socialism or Big Business—it is the thing itself that matters. One of the first considerations, but one which is largely overlooked, in connection with monopolistic organisation, is its obliteration of standards of reference.

This is obliquely brought out by your correspondent's reference to the Victorian era. Merely as an instance, it is easy to compare the character of the comment heard on the British railway system with that heard, say, forty years ago. Then, the respective contemporary merits of, for example, the Midland Railway and the London and North Western Railway were unfailling matter for argument. Nowadays, criticism is of necessity a lament for the days that are gone. There are innumerable instances of the same nature.

It is also overlooked that, while the large monopolistic trusts, whether masquerading as Government Departments or as commercial undertakings with a "profit" motive, maintain research laboratories on a scale both of size and equipment beyond the wildest dreams of Faraday or Clerk-Maxwell, no major invention has been given to the world from them.

The claim that decentralised monopolies are efficient, which seems to deceive so many people, is directly opposed to the nature and history of monopoly, which is always to restrict delivered output and to raise prices. A Government monopoly is simply a form of restrictive law, and the use of the economic system as a form of government is invariably disastrous. Under a money economy, the total price level, which includes taxation, is a major indication of economic efficiency, requiring, as a complement, contemporary standards of quality.

The technique by which this situation has been brought to its present critical stage is merely an extension of that elaborated in the American Railway Scandals of the nineteenth century. Genuinely individualistic enterprises are induced or forced by apparently accidental circumstances, such as war, to expand beyond their financial resources. Foreclosure in some form follows, and the undertaking is "rationalised." Hitler's form of "rationalising" Europe seems cruder, but has the same objective, and quite possibly has the same origins.

The remedy is much the same, I think, in essence, as that sketched by Mr. Murdoch, but the problem is not the nature of the remedy, but the sanctions by means of which it could be given actuality.

I am etc.,

August 7, 1941.

C. H. DOUGLAS.

#### Centralisation of Power

Sir,

The importance of this matter, which, as Dr. A. J. Brock suggests, has appeared in various guises in your columns, is so great that possibly I may be permitted to expand a little my attack upon the centralisation of power. The subject is wide, and obviously cannot be dealt with in full, in the space of a letter.

Centralisation of power is absentee management. Absentee management is, *a priori*, bad, and requires justification—it is guilty until it is proved innocent. It is rarely defended other than by the implication of its indisputable necessity, again on the implied inability of the individual to manage his own affairs, and, further, that it is the "trend" (a word of, in this connection, Wall Street invention) for everything to get bigger and bigger. For the moment, I desire only to point out in regard to this presentation of the case for centralisation, that it is our old friend, the *petitio principii*—begging the question—in a blatant form.

But it deceives a large number of honest people because of the false analogy which conceives society as a machine instead of, as it is, an organism. The fundamental characteristic of a machine is functionalism—it is designed to do one thing to the satisfaction of the designer. At the moment, we can disregard the consideration of the organism's character.

It is not difficult to see that once we postulate centralised power, every interest is invoked, not to produce the best type of society, but to mould society into the most convenient form for the absentee management. The indisputable proof of this is the invariable appearance, in connection with such a policy, of the card-index enthusiast. Now, it is not difficult to card-index a function, but it is fantastic to suppose that you can card-index an individual except in relation to a function, and every advance in genuine education and human development makes it more fantastic. But unfortunately, fools rush in where angels fear to tread.

The essential difference between a free State and a tyranny is ability to contract out. Cricket played according to the rules of the M.C.C. is not tyranny; but cricket played under police supervision is.

Obviously, these considerations leave untouched Mr. Douglas Young's most pertinent inquiry, "*Quis custodes . . . ?*" to which might be added, in face of the sudden emergence of the "planners," the first inquiry of a criminal trial, "*Quis beneficis*"?

I am etc.,

September 24, 1941. C. H. DOUGLAS.

#### Money and Social Welfare

Sir,

In welcoming the timely editorial under this title in your issue of January 11, perhaps I may be allowed to comment on two aspects of the case on which there is, I think, widespread confusion of thought.

The first of these is in the use of the word "inflation." Genuine inflation, which consists in an increase of money units, accompanied by a corresponding or greater general rise of prices, is a fraud on the community of perhaps the most vicious kind of which the financial system is capable. It is a continuous characteristic of the pre-war financial and price system, as any comparison of general prices, in which taxation should be included, with general prices, say, sixty years ago, will show. That inflation is a feature of the financial system, and not of the issue of adequate, or even excessive, purchasing power, is demonstrated beyond peradventure by the greater stability of the price system in the past three years, as compared with 1914-1917. This has been achieved mainly by the use of compensated prices, inaccurately called subsidies. Absolute price stability could have been achieved if wage stability had also been enforced.

The second misapprehension is that monetary "saving," either of the obvious kind, or *via* insurance, was desirable under the pre-war system. More than anything over which the ordinary individual had control, "saving" tended to unbalance in favour of excessive production of non-consumable goods, a production system already distorted by credit monopoly.

At a time such as the present, when the distortion of the production system to a maximum of destruction, has reached almost its limit, it seems obvious that sound finance involves the issue of non-saleable bonds, as wages, such bonds bearing interest equivalent to the proportion

that their capital value bears to the consumable goods being produced.

I am etc.,

January 13, 1943.

C. H. DOUGLAS.

#### The "Money Myth"

Sir,

I am so much in agreement with the main thesis of your correspondent, Mr. W. D. Clarke, that I feel sure that he will permit me to register a note of warning against his plea for "stable prices."

Perhaps most of the calamities, and they are many, which derive from the money system can be traced to the general failure to insist, firstly, on the fundamental relationships between costs and prices, and, secondly, on the self-evident but generally unrecognised fact that a money system is simply an accounting system, and therefore it is tolerable only if it is a realistic and accurate accounting system.

The simple and incontestable fact is that a stable price level is not accurate, and therefore cannot be said to be "honest," and is very easily demonstrated to be both dishonest and undesirable. Without becoming too technical, I might point out that the primary object of modern production is to reduce man-hours per unit of production, an objective in which almost incredible success has been achieved. This means a fall of costs, and if properly accounted for, a falling price level, which is the same thing as a rise in the purchasing power of the unit of account. This is the most perfect, because accurate, method of passing on improvement to the consumer, who is the objective of production.

The methods of protecting the producer from the effects of a fall in prices under our present vicious system are quite well known, have been tried, and are quite effective.

I am etc.,

April 27, 1943.

C. H. DOUGLAS.

Sir,

I do not like to take issue with Major Douglas who has probably done more for monetary reform than any man presently living. He, however, is so satisfied with his own orthodoxy that he will not investigate any other. Anyway, it should not be necessary for me to explain that the stable price-level is the relation of all money to all wealth, or the method of assuring that there will always be sufficient purchasing power in existence. It will then be possible to see that any one article or service will always have a proper and just relation to all other articles and services. It is an honest way of equating money to wealth by preventing slumps as there would be no deflation.

We know from experience that fluctuating prices have ruined far more producers than low prices, and if we wish to accomplish anything worth while in the adoption of a better monetary system, I think all reformers should concentrate their efforts on the necessity for regulating money in circulation to suit the people as a whole and not, as at

present, to suit financiers. What we have to guard against is finance being in the hands of private vested interests who profit by fluctuating prices. The regulation of money in circulation should therefore be in the hands of an independent Government Authority or we will one day all be debt slaves to international money-lenders.

Yours faithfully,

May 12th, 1943.

W. D. CLARK.

Sir,

I am grateful to Mr. Clark for the kindness of his opening sentence in your issue of Saturday, and I accept with, I trust, becoming meekness, his mild rebuke. I have always contended, more in hope than expectation, that I ought to be regarded as orthodox, but I derive the impression that Mr. Clark feels that I am rather old-fashioned.

The point that I had wished to emphasise is one which, so far from involving a contest of "schemes," pleads for suspended propaganda for any scheme. My reason is, I think, an important reason. We are, in this monetary matter, in grave danger of "tipping out the baby with the bath water."

While commodity-money, gold and silver, was always unsound in principle, it had the immense psychological strength that nearly everyone believed that it was insulated from politics. The "sound money" advocates always realised the weight of this argument, and in this particular, if in no other, they were wholly right.

The fact that it is possible, without derision, to head a letter as this letter is superscribed, is evidence that the effect of arguments that a money system should be used to do this, that, or the other; that it should be a governing system, not a reflecting or accounting system, has been to create the growing impression that a money system is simply a political device, which at the moment is true; and that it cannot be prevented from being a political device; which is not true. If this idea becomes widespread, no money system will work, because no one will work for money.

I am etc.,

May 17, 1943.

C. H. DOUGLAS.

Sir,

I am grateful to Major Douglas for his having taken what he calls my "mild rebuke" so philosophically. His reply seems to indicate that we have the same ideals, though he states so many of his views in an abstruse manner, particularly when he criticises a stable price-level.

The point in this, that we are suffering from a financial system which is unjust and unfair to producers of wealth, production of wealth being the foundation of our civilisation. Major Douglas is right when he says that money should be an accounting system only, but he would circulate money before wealth is produced. This, I contend, is wrong in principle, because man might cease to toil (minister to each other) if given money without any relation to services. This is part of our present trouble in that we have a few wealthy and many poor.

Major Douglas will, I hope, agree that if the labourer is worthy of his hire he should, by the community, be

guaranteed remuneration. Would not that be far better than social dividends, "doles," or subsidies? People would then give of their best and become true aristocrats, instead of worrying about the necessity to have "investments" to enable them to "lord it" over others or to provide for their old age. Work would then become the main or first object of life, and give pleasure as it should because it is healthy. Is this not what Christ taught?

I am etc.,

May 20, 1943.

W. D. CLARK.

Sir,

"In vain is the net of the fowler spread in sight of any bird." I feel sure that if anyone could lure me into the swelling ranks of those who know what is best for us, from charging 27s. for a bottle of whisky to telling us what the well-dressed man will wear in 1945, it would be Mr. Clark. But the pretty criss-cross does not attract me, and if it is any consolation to Mr. Clark, it attracts me much less when it is put in the words, "we need supremely the control of human purpose," by the Archbishop of Canterbury, than in the words employed by him. That is not to say that I disagree with what he says; I merely disagree that what he says should be imposed on us.

In those halls of learning through which, almost without causing a ripple, I passed many years ago, a sharp distinction was drawn between economics and political economy. Economics was taken to mean the study of facts and their automatic consequences, while political economy was the manipulation of facts to produce desired consequences. Like the "we" in the Archbishop's aspiration, the people who desired the consequences were unspecified. All the evidence available in these times appears to confirm the view that there is too little economics, and far too much political economy about.

Money systems definitely belong to the domain of economics, and have illegitimately been imported into political economy. The restoration to its legitimate sphere of a realistic money system would have the result that the labourer to whom Mr. Clark refers would not depend on the guarantee of a nebulous abstraction called the community, for his "hire"—he would get it automatically.

I am etc.,

May 24, 1943.

C. H. DOUGLAS

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