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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 CONTINUE THE RE-PUBLICATION OF A SELECTION OF LETTERS WRITTEN BY MAJOR C. H. DOUGLAS TO, AND PUBLISHED BY, *THE SCOTSMAN*, INCLUDING ONE NOT PUBLISHED.

Post-War Trade

The following letter was sent to The Scotsman in reply to a letter signed "Aqua Vitae," the writer of which stated that he had consulted certain persons, not named, but described as below, and they had given their opinion that there was no bargain including the control of the Bank of England, made before the U.S. entered the war in 1917.

This letter was not published but, possibly by a coincidence on the day on which it should have appeared, a letter by D. M. Mason was published, in effect suggesting the confiscation of deposits and currency notes on the lines recently adopted in Belgium as a result of its liberation. The effect of this, if carried out in Great Britain, would be to confiscate a large part of the wages paid to war-workers and to produce a trade crisis of the first magnitude:—

Post-War Trade

October 14, 1944.

Sir,

It would appear, in the absence of more precise information as to their identity, that "the certain persons who should be regarded as ultimate authorities on the matter" (I rather like the word "should") are not quite ultimate enough. But perhaps your correspondent "Aqua Vitae," in the face of the opinion they expressed to him, and with which he agrees, would obtain from them a commentary on the events of the post-armistice years, amongst them:

Why was the Bank of England, perhaps a somewhat ultra-conservative institution previously, completely rebuilt behind the Sir John Soane façade, as an ultra-modern fortress-bank on American lines, equipped with the latest and most elaborate American appliances?

Why was the established custom of appointing short term Governors from the City of London abandoned in favour of the appointment, indefinitely, of Mr. Montagu Norman, a member of the London Office of an American financial undertaking?

Why was, firstly, Dr. Walter Stewart, and subsequently, Dr. Oliver Sprague, both of New York and Washington, appointed to "advise" Mr. Norman for a

lengthy term of years, and to be present at all important conferences?

Why was the London Discount Rate kept $\frac{1}{2}$ per cent. above the New York rate, for the first lengthy period in history, during the advisory period of these gentlemen, thus driving financial business to New York?

Who advised Mr. Churchill, in the face of the opposition of important industrial and trading interests, to re-institute in 1925 a form of Gold Standard, with catastrophic results?

On what grounds was the Marquis of Reading made Viceroy of India, and, during this period, the exchange rate of the rupee raised in terms of sterling, but not of dollars thus providing a preferential rate for American imports to India? I am aware that the Viceroy of India is not an employé of the Bank of England, but they are conscious of each other's existence.

It would be easy to extend the examination, but I feel sure that on obtaining answers to the questions, "Aqua Vitae" will be able to think of others without help.

In view of his reference to coal, however, he might perhaps also enquire why the Minister of Fuel and Power is unable to give the House of Commons certain information in regard to the British coal industry without consulting "the Americans" (*Hansard*, House of Commons, October 3).

I am, etc.,

C. H. DOUGLAS.

Bretton Woods

Sir,

Your correspondent writing over the *nom-de-guerre*, "Aqua Vitae," in your issue of September 19 should not, I think, be allowed, without protest, to present the export theory in the light of a problem peculiar to these islands, or to suggest that our sole industrial asset is our coal. It is unfortunately the rule to discuss this question in the light of a barter economy. We do not live in a barter economy, we live in a money economy, and your previous correspondent, Mr. W. L. Richardson, was obviously basing his criticism,

(Continued on page 3.)

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"On to Ottawa"

(A Commentary on the Canadian General Election)

by MARY EVANS.

I

The Canadian general election was held on March 31. The result was spectacular. For the 265 seats in the House of Commons the Conservatives gained 208, the Liberals 49, and the C.C.F. 8.

The so-called Social Credit Party, with 83 candidates in the field, failed to elect a single member. They lost all 19 seats which they held in the last Parliament—13 of which were in Alberta and 6 in British Columbia, the two Provinces with Social Credit (sic?—yes very) governments.

This in itself is a startling result, but the large majorities by which the Social Credit candidates were defeated provided not only a surprise but must have shocked the two provincial governments concerned. Mr. Solon Low, the national leader of the party, who was elected in the Peace River constituency in Alberta with a majority of 4,500 votes in 1957, lost to his Conservative opponent by over 7,000 votes. It was the same story in Lethbridge, Macleod and other constituencies considered Social Credit strongholds. In fact, in every constituency in Alberta the vote indicated a decisive rejection of the Social Credit candidate in favour of the Conservative.

In short, the result of 23 years' effort to advance Social Credit in Canada by means of party politics is the complete elimination of the "party's" representatives from the Canadian House of Commons. Once again events have proved Douglas to have been right.

However, before considering the implications of the tragic fiasco of Social Credit party politics in Canada, it might be as well to take a cursory look at some other features of the election result. For example, why did Quebec province, which has remained solidly Liberal in Canadian politics, return 50 Conservatives and only 25 Liberals? Again, why was it that, with rising unemployment and persisting inflation of prices, the electors completely rejected the appeals of what were considered the "reform parties"—the Socialist C.C.F. and the so-called Social Crediters—and remain deaf to the bribes of reduced taxes and social security schemes dangled before them by the Liberals? What was the explanation of the tremendous upsurge of support for Conservatives from coast to coast on a scale of which there was no indication before the votes were counted? The answers to these questions could be of considerable importance to the genuine Social Crediters in Canada—and, despite the party politicians masquerading as Social Crediters, there are some.

II

It has been taken for granted in the press and by self-styled political analysts in Canada that the remarkable success of the Conservatives was due entirely to the personality of John Diefenbaker. It is true that the Prime Minister has a magnetic and dynamic personality, and that he inspires confidence, but this alone would not account for the support which the Conservatives attracted. For example, the fact he is a Baptist, a Westerner and a Conservative would have been sufficient, a few months ago, to lose the support of Quebec voters.

Perhaps the biggest factor in the Conservative victory in the election was the choice by the Liberal Party last January of Lester Pearson as their national leader. To tens of thousands of Canadians he represented the shameful betrayal of Great Britain by the Canadian Government over the Suez crisis, and the man who misled Parliament and the people over the notorious Norman case. To tens of thousands of Canadians he is Mr. United Nations, a dangerous internationalist subservient to Washington. And to the French-Canadians in Quebec, the preservation of constitutional rights and national integrity rank before all else.

There can be no doubt that from coast to coast vast numbers of Canadians went to the polls on election day with the grim determination that, at all costs, Canada must be saved from the peril of having Lester Pearson as Prime Minister.

Another factor, closely related to this negative aspect of the election and of fundamental importance to the future of Canada, is the evident emergence of a nation-wide desire to forge not only stronger economic but closer cultural links with the "Mother Country"—the heart of the Commonwealth and the source of their constitutional heritage. With this there is growing dislike of domination by the United States and a desire for greater independence from that nation. In the Conservative Party, and the Conservative Party alone, could they perceive any hope of having a government that would tackle this job.

It is in this aspect of the election result—which goes to the very core of the constitutional issue with which Social Credit is concerned—that Canadian Social Crediters should see at once a great opportunity and real promise. The opportunity is theirs to grasp.

III

Within a year after the death of the late William Aberhart, who, in his scathing denunciation of party politics, had prepared the ground for non-partisan political action in the federal field, the Social Credit Movement in Alberta found itself at a crossroads. In 1947 the course was set for an entirely different strategy to that of the previous ten years. It was announced that as Social Credit financial reform could not be carried out provincially, the Alberta Government would be content to give "good government," while the emphasis would be placed on "party politics" in the federal field—winning electoral support across Canada to form a national Government which could introduce Social Credit financial reforms. "On to Ottawa" was the slogan by which the campaign became known.

Although not recognised at the time, this change in the nature of the action to which the Canadian Social Credit Association was committed by the Alberta Government was, in fact, a *change of policy*. It stemmed from a philosophy which was contrary to that of Social Credit, and entirely compatible with the philosophy of "liberalism" which gave birth to party politics as manifested today. It is not extraordinary, therefore, that within a matter of months the local study groups, which had been the strength of the Social Credit Movement, rapidly disintegrated. As a matter of necessity all connected with the Alberta Government or the Canadian Social Credit Association who had any real understanding of Social Credit principles were denounced as "Douglasites." *The Canadian Social Crediter* became an organ of "party politics." Douglas's books, or those considered as dangerous to the new policy, were suppressed. And the Canadian Social Credit Association became the National Social Credit Party.

The results were spectacular. The "party" attracted funds, and even Cabinet Ministers became thoroughly "respectable." When a "Social Credit" government was elected in British Columbia "the leaders" of the party felt sure they were on the right track—notwithstanding that the "Social Credit Party" candidates in the election provided the British Columbia electors with the only non-Socialist alternative to the thoroughly discredited coalition government they had suffered.

Time went by and it became apparent that the so-called Social Credit government of British Columbia was devoid of Social Credit. Not even the Premier understood anything about it. In Alberta the groups had disappeared, as had the literature by which interested persons could have obtained information. Party political propaganda had taken the place of Douglas—propaganda rooted in ignorance of Social Credit and directed to "winning votes." New members entered the Alberta Legislature calling themselves Social Crediters yet without any understanding of Douglas. It is doubtful if, today, there are more than half-a-dozen "party" members professing to be Social Crediters in the British Columbia and Alberta Legislatures who have any real knowledge of Social Credit.

In the House of Commons the small group of "Social Credit" party representatives from Alberta—some of whom had been re-elected time after time over twenty-three years—having rejected Douglas and being well conditioned to the climate of Parliament, proved a sorry and ineffectual spectacle. And when they were joined by a contingent of six from British Columbia last year, these, knowing even less about Social Credit, fell naturally into the stabilised pattern.

Surely the unanimous and overwhelming rejection of Social Credit candidates in Alberta and Saskatchewan in the recent election should lead to some serious heart-searching by not only the Governments of the two provinces but by those who, with a glimpse of the Social Credit vision, were pinning their hopes against all reason to party politics. But if instead they seek not the beam in their own eyes, but blame the stupidity of an ungrateful electorate, then indeed will they be blind to the writing on the wall.

LETTERS FROM DOUGLAS—

(continued from page 1.)

which I should endorse, on the opinion that the Bretton Woods proposals do nothing to bridge this intrinsic difference.

The insistence on the necessity for increased exports, which, it will be remembered, developed in almost precisely the same terms in 1920, is said to be justified on the grounds which fundamentally are separate and unconnected—that we must pay for our imports, and that we must have a minimum of imports for the purpose of remaining an industrial power. We are, in fact, presented with a simultaneous equation in which every term is unknown, and it is perhaps not remarkable that we failed conspicuously to solve it in 1920, and do not show very convincing evidence of doing much better in 1945.

It is possible to make some progress by inserting hypothetical values in the terms of our equation. Let us agree that we require or desire certain imports. Obviously we pay for those imports in the currency of their origin, and we wish to pay as little as possible. We acquire that currency by selling goods in our own currency, and we desire to sell at the highest price so that we can acquire the maximum amount of foreign currency. But the exchange value of our currency depends on what it will buy, *i.e.*, the lower our prices the higher our exchange value. We have solved this elementary difficulty by giving away about five thousand millions of capital during the last 50 years.

Let us now insert a second hypothetical value. We wish to remain an industrial Power, which appears to mean full employment at high efficiency, and consequently with an increasing output of goods for sale. We are not alone in this. Accepting, for the sake of brevity, the statement that the U.S.A. does not require to export because she is self-supporting, it would be difficult to argue that she does not want to remain an industrial Power, and therefore will not compete for markets. So we have to find another country which is not self-supporting, but does not wish to become an industrial Power. And we have to export higher values for less return. So we get nothing for our harder work and greater re-exported imports, and embark on another cycle of world benevolence, until the next world war provides us with an unlimited market through which we acquire astronomical debts.

I am unable at the moment to recall any occasion on which Lord Keynes has been uniquely correct other than in his description of the gold standard as "archaic." And the Bretton Woods proposals are considerably worse than the gold standard in that they place the United States Treasury in the remarkable position of being an alternative at will of the world's gold mines and gold stocks. The fixation of the Finnish war indemnity to Russia in dollars, not roubles or sterling, is evidence of the intention to institute a financial world empire of a nature for which it is difficult to believe that we have fought two world wars.

I am, *etc.*,

September 21, 1944.

C. H. DOUGLAS.

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Exports and Imports

Sir,

I appreciate the moderation of the letter of your cor-

respondent "Aqua Vitae," but he is evidently unable to get away from the obsession that our problem is a material, rather than, as is the case, a political one.

If the U.S.A. was a self-supporting community in 1929 (as largely, she was) she was a self-supporting community in 1933. Neither the people, the country, nor the plant underwent any material change. But in 1929, the people of the U.S.A. touched heights of the greatest material prosperity any people ever reached. In 1933, at least a third of the country was on relief, famine and misery were widespread and the country was on the verge of revolution.

The only discernible difference between the conditions during the depression in Great Britain, the allegedly non-self-supporting country, and those obtaining in the U.S.A., the self-supporting community, was that they were far worse in the latter.

There is really no mystery, and not much informed difference of opinion, as to the cause of our continued frustration. It is that we have allowed finance to become a business in itself. I should like to observe that this situation, far from being cured by the "nationalisation" of banking, would be accentuated. The outcome of this is that the system will only work at all as an expansionist ("more exports") system, and that the expansion has to be an acceleration in geometrical progression—hence the "prosperity" in war-time. This has nothing whatever to do with Capitalism, as generally understood, and no administrative change would alter it except for the worse.

If "Aqua Vitae" wishes to get to the root of our political difficulty, he should insist on being informed as to the undisclosed terms, as affecting the control of the Bank of England, which were negotiated by Lord Reading in Washington, as a condition of the entry of the United States into the war in 1917.

I am, etc.,

September 30, 1944.

C. H. DOUGLAS.

Crime and Violence in U.S.

Washington.

During the first six months of this year, 1,399,670 major crimes were committed in the United States.

This is the estimate of Mr. J. Edgar Hoover, Director of the Federal Bureau of Investigation, who reported that this was the highest total for any six months in American history and an 8.4 per cent. increase over the first half of last year.

In a report, based on data supplied by police departments throughout the country, Mr. Hoover declared: "If the current trend continues for the remainder of this year, 1957 will be the sixth consecutive year in which more than two million major crimes will have been reported to the F.B.I., and the second consecutive year in which the crime total will have reached the two and a half million mark."

Statistics showed that during the first half of this year a major crime was committed every 11.2 seconds, and each day 37 people were murdered, 272 others feloniously assaulted, 57 raped, 4,775 larcenies committed, 801 cars stolen, and 172 robberies and 1,620 burglaries took place.—Reuter.

—*Liverpool Echo*, September 26, 1957.

Intellectual Half-caste

I was impressed with the statement ascribed to Mr. H. G. Wells in Chapter XX of the series on *Modern Science* by Tudor Jones, that Frederic II acquired in his own court of Sicily "a Moslem view of Christianity as well as a Christian view of Islam, and the unhappy result of this double system of instruction was a view, exceptional in that age of faith, that all religions were impostures."

This sentence, not to say the whole Chapter, was recalled a fortnight later when reading Col. Remy's Introduction in his translated work *Goa—Rome of the Orient*, published in 1957 by Arthur Barker Ltd. Giving some side lights on Nehru, he says on page 9, "Shri Jawaharlal Nehru, a former supporter of Ghandi, received the benefits of an English Education at Harrow and Trinity College, Cambridge; he is a peculiar character who might almost be called an intellectual half-caste. Disconsolate at not being born a European, he has adopted an attitude of hate for the west, to which he owes an education that he employs to set himself up as supreme judge and infallible arbiter in a whole host of disputed questions . . . Speaking of Dr. Albert Schweitzer to a group of journalists, he gave the following picture of himself:

"I don't dream of claiming that I am always right when others are wrong, but I am quite sure that every one of us reacts to events without previous reflexion. We make use of slogans, and utter words, deluding ourselves that they mean something. Of course, these words and slogans have a meaning, but I do not know whether the one we give to them is right or wrong. We talk of peace in war-like terms which enrapture us. But these terms which we employ have rarely any real connection with what we desire to say or with what we do."

"Intellectual half-caste?" Hybrid, mule or eunuch may be better biological analogies. One cannot say that the unnatural child is incapable of describing his sterility. But comparison should be made with the clear-cut realism of Remy himself and his quotations of Dr. Salazar.

Value of Your Post-War Credits

Mr. John Hall (Wickham, C.) asked the Chancellor of the Exchequer, what was the value in terms of purchasing power, on June 30, 1951, and June 30, 1957, respectively, of a post-war credit of £50 issued in 1943.

Mr. Nigel Birch (Economic Secretary) in a written reply, says that, on the basis of the consumer price index, adjusted by the index of retail prices, about £35 in June, 1951, and £28 in June, 1957.

—*Liverpool Daily Post*, July 20, 1957.

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