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## FOR POLITICAL AND ECONOMIC REALISM

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### The Results of Banking Control

THE SEVENTH CHAPTER FROM

*The Monopoly of Credit*

by C. H. DOUGLAS

(1937 Revised and Enlarged Edition)

Perhaps the major difficulty which confronts the student of large scale organisation is to decide to what extent it is practicable to question principles which have been regarded as axiomatic. While there has been continuous conflict of opinion in regard to forms of government, the necessity for government of some kind has not in responsible quarters been seriously questioned. Yet on the face of it, government, in the sense in which it is commonly understood, can easily be put upon its defence, and has in fact throughout history been continuously upon its defence. There is essentially no difference between the principles of modern government and those of the most oppressive of the tyrannies of history. The mechanism is different, the results on the whole may be considerably more satisfactory, but in each case the essential consist in an infringement upon personal liberty.

It would be anachronistic to inject into the consideration of this situation any question of what are called human rights. Perhaps the clearest fact which emerges from the present flux in the world of ideas and of action is that the human individual has no rights except those which he can sustain. It does not, however, seem to require much consideration to admit that the general interest is well served by the elimination of certain courses of action on the part of the individual, murder being perhaps an instance. But having arrived at this point, we have by no means disposed of the fundamental problem. What is it which causes murder, and do we deal most satisfactorily with the problem of murder by the imposition of severe penalties upon the murderer, or on the other hand by concentrating the whole forces of society to remove any incentive to murder? Or, to put the matter another way, is murder a form of mental aberration, or is it a reaction from an environment which can be changed?

As a practical problem there is probably no clear answer to this dilemma in the present stage of human progress. It is arguable that we could eliminate murder if we could with sufficient rapidity modify the predisposing causes to murder which are involved in a defective economic and social system, and at the same time remove the mental complexes which have been produced by those defects. But it cannot be done by a stroke of the pen, or by any action, Governmental or otherwise, which is in the range of practical politics, and it is probably accurate to say that the most

rapid progress is possible by a modification of environment accompanied by a decreasing, but not too rapidly decreasing, system of control. If the problem could be kept upon the plane of pure reason, it would still be a large problem, but it would be simplicity itself in comparison with the practical problem which confronts the world at the present time. Each one of the factors is itself the battlefield of warring interests. Governmental systems seem to have a life of their own, with all the determination of the living organism to maintain its existence. The decay of doctrinal religion has to a large extent deprived humanity of any clear objective, attainable or otherwise, and it would appear that indirect progress, or the solution of the problems of life from day to day in the light of experience, is for the moment the only solid ground upon which to build.

At first sight this situation seems to lend powerful support to a policy of what in fact promises to be a world dictatorship. To those who have no practical experience of large organisations, which is in essence the position of Bankers, there is an attractive logic about a world planned and controlled like a machine. But, in fact, society does not work like a machine, but like a living organism. Any works manager will testify that the surest and shortest method of bringing about what is called labour trouble, is to endeavour to organise his factory as though the difference between the tools and the men in it were merely a difference of degree. At the beginning of the European War in 1914, collectivism, which is clearly allied to this idea of a machine-organised world, was almost as prevalent amongst the executive and administrative grades of industry as amongst the manual workers. Four years of organisation under war conditions, which brought into being collectivist mechanism to an extent otherwise impossible, disillusioned both the worker and the technician, not so much as to the soundness of the theory regarded as a means of attaining maximum production, as in regard to its extreme social unattractiveness.

Italy and Russia have, since the European War, had their own special forms of collectivist organisation, which it would be absurd to denounce as having failed from the purely materialistic point of view. It would be equally untrue to suggest that in either of them is there any approach to general satisfaction with the type of civilisation

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### Douglas on Directions

In the middle thirties, when all the North could do was to throw herrings back into the sea, Major Douglas's works and movement gave a brilliant light to one who was suspicious of socialism. I was soon privileged to hear C. H. Douglas at Newcastle, where a virile Social Credit branch organised a large meeting. He told the audience that if anyone wanted to travel to London, he would be foolish to catch a train to Edinburgh.

Ever since—years before as well—Major Douglas warned against moving in the wrong direction: even some social crediters have considered that they knew more about social credit than its founder: but the Gadarene slope has been tilted, almost to a sheer drop.

In correspondence too he has distinguished the directions:

“ . . . all education is part of all religion, and entirely *ultra vires* of the State.”

“ . . . in effect, if not in technique, money must originate in the individual, so that the central power has to come to him for it.

“ This curious craze for ‘all State’ money is wholly disastrous.”

On the overall situation, he wrote with tremendous power:

“ It is clear beyond all question that the gates of hell are wide open, and the torrent of evil will sweep away anything not intrinsically stronger than evil. . . .

“ You know that long-distance pilots mark on their course-charts ‘the point of non-return’—where you must go on because you cannot return to your base.

“ The devil has passed the point of non-return and we had better recognise it.”

In a few pithy letters, Major Douglas mentioned the state of the Church more than once:

“ . . . the fortunes of the Scottish Episcopal Church

are at a low ebb, like those of the gentry who were its mainstay.

“ For my own part, I am more and more struck by the skilful identification of Christianity with the cult of failure.” It may be recalled that he elsewhere noted the mediaeval distinction between profit and usury.

I do not see why it should not be mentioned that Douglas's *Realistic Position of the Church of England* was sent to all the bishops at Lambeth assembled in 1948. They did not respond very much, but it was interesting. In a covering note I mentioned that in observing the centenary of F. D. Maurice and Charles Kingsley, we were considering prophecy; and that in Major Douglas, the twentieth century had its genuine prophet. Tragically enough, the Church has not got solidly behind this prophet, and has looked disastrously in the wrong direction, the State.

—H. SWABEY in *The Social Crediter*, November 1, 1952.

### “The Chosen Race”

The publication of Mr. Beverley Nichol's book, *A Pilgrim's Progress*, seems to suggest that it is no longer forbidden to mention the Jews. The following extract, however, says not much more than that the mocking inscription “INRI” still stands over the cross:—

Chapter XI, p. 173ff: “The Chosen Race”:

“ . . . ‘Different from our fellows.’ The anti-Semite may be inclined to score that phrase, in order to emphasise his accusation that the Jews are a separate nation in our midst, inspired by alien loyalties which must always run counter to our own. With that charge we deal in due course. But first, there are two questions to ask and answer—questions which go to the very heart of all that is implied in the phrase ‘the Jewish problem.’ By the time that we have answered them we may find that this ‘problem’ is more Gentile than Jewish.

“ . . . Do you still await the coming of a Messiah? And if so, what do you mean by a Messiah?”

“ Do you mean a person, a man, a Divine Being who will turn the world upside down? . . . Or have you surrendered the idea of your Messiah? Have you . . . if there is such a word . . . ‘depersonalised’ Him?”

“ To answer these questions, I approached a number of learned Jewish authorities . . . here is a brief, and I believe accurate, precis of their replies.

“ All my informants began by questioning the historical accounts of the crucifixion. To crucify, they stated, was an anti-Jewish method of killing. The Jewish way was by stoning to death—a comparatively merciful execution, because it was far swifter. ‘It was the Romans who invented the fiendish punishment of crucifixion,’ wrote the late Chief Rabbi Herz, in his commentary on the latest edition of the Jewish Prayer Book. ‘If Jewish teaching and Jewish example had been heeded, the tale of torture in European history would have been far less voluminous than it is.’

“ And Christ Himself?”

“ It is extraordinarily difficult to answer this question, from the Jewish point of view—to enter into the Jewish mind. They grant that He is a figure of superlative beauty;

they admit the constantly reiterated prophecies, in their own law—working up to a sort of divine crescendo—of the coming of the Messiah. But Jesus as the Messiah—no. Why? One Rabbi said to me—‘We *have* to deny Him because He would contradict the Oneness of God. It would be anathema to us to think of God having personal attributes.’ ‘But what of the Messianic legend?’ I asked. ‘What of the *Person* who is so clearly fore-shadowed?’

“To which another, and exceptionally learned Rabbi replied: ‘True. The orthodox Jew can conceive of Zionism only in terms of a personal Messiah. But he will *not* be a super-human being. He will *not* be a son of God. He will merely be the symbol of the rule of God on earth.’

“If this leaves us very much where we were, it is hardly my fault. For it seemed to me that with all their learning and all their piety, the Jews were caught in a cleft stick—a stick that had been cleft two thousand years ago. Their fathers had been taught to seek the rising of a star, and when it had risen they had denied it, because its very radiance had blinded them.

“So we come to the second question. ‘Do the Jews still seek that star? Do they still expect the Messiah?’

“Yes. They do. But I must confess from what they told me that it seemed to me a somewhat synthetic star, and a more than muddled Messiah.

“Here are some of the phrases by which they described the *expected one*.

“‘The figure-head of a Golden Age.’

“‘The personification of the rule of God on earth.’

“‘The human symbol of the final Utopia.’

“It is difficult for the plain man to gain much comfort from such abstractions. They will seem to him as empty as sounding brass and tinkling cymbals. More, they will seem incredibly *remote*. This misty messianic figure, waiting somewhere at the end of an infinite corridor of time . . . , what consolation has he to offer us today? What guidance to give us, as the clocks tick out our little lives?

“These are very superficial questions to the Jew, typical of a shallow Christian philosophy. For Jews—in the words of the great Spanish philosopher, Madariaga . . . ‘live not in space, but in time.’

“In the meanwhile, the clocks tick on; the Jew scans the horizon; the world grows darker. Small wonder that the Jew seeks shelter in the Law, while the Christian draws nearer to the cross . . .”

### Christianity and Judaism

It may not be generally noticed that there are two ways of taking the remark attributed to the eighteenth-century modernizer of Judaism, Moses Mendelssohn when he was pressed to receive Christian baptism (That the foundations of his house were not giving way, but that if they were he would not seek refuge on the first floor). However that may be, we dissent strongly from Mr. Montgomery Beligion's reiteration of “the fact that Christianity is built on Judaism.” For elucidation and validation we refer Mr. Beligion again to Mr. Mendelssohn's ‘first floor.’ “And

Jesus said to them—Believe me, before Abraham came to be, I am.”

—*The Social Crediter*, September 22, 1951.

### In All Popular Tumults

In all popular tumults there are always a certain number of men who, either from excited passions, or fanatical conviction, or evil intentions or just from a cursed taste for disorder, do all they can to push things as far as possible: they propose and support the wildest suggestions, and fan the flames whenever they begin to languish: they want the riot to burst all bounds and restraint. But to balance these, there are always a certain number of others who are working with equal ardour and persistence to produce the opposite result . . . May Heaven bless them.”

Alessandro Manzoni,

*I PROMESSI SPOSI (The Betrothed).*

### THE RESULTS OF BANKING CONTROL—

(continued from page 1.)

to which they tend, and still less ground for supposing that the extension of the policy for which they both appear to stand, in the direction of a world state organised on the philosophy of the subservience of the individual to the organisation, would be likely to meet with any more general approbation. Without going too deeply into this aspect of the problem, it seems safe to suggest that the supposition that individuals can be regarded as units in the Census figures and catered for on this basis, is a fundamental mistake not merely in ethics but in Works Management.

Only a cursory acquaintance with history is requisite to appreciate the fact that the major conflict of human existence is concerned with what we are accustomed to call liberty. Physical existence upon this planet requires the provision either by the individual himself, or by organised society, of bed, board, and clothes, and the maintenance and continuation of existence is the strongest force in human politics. There has never been a period of history in which this individual determination to live and to insure the continuance of human life, has not been conditioned, not so much by physical facts, as by human action itself. The cave man probably found his chief difficulty less in the lack of game or in his peculiar housing problem arising from a shortage of eligible caves, than in the fact that his neighbour, instead of exploring new territory and finding an additional cave, preferred to take measures to expel him from the sites already developed. Not, I think, so much because he liked fighting, as for lack of ability to conceive of the existence of enough caves. Fundamentally there is little difference discernible in the outlook of man upon the situation today.

The world is obsessed, or possessed, by a scarcity complex. While at the date of writing [1936] Great Britain is preparing for another war, she still has a million unemployed, farms going out of cultivation and agricultural products being destroyed because they cannot be sold, publicists still inform us on one hand that the situation is due

to over-production, and on the other hand that sacrifices must be made by everyone, that we must all work harder, consume less, and produce more. Yet no economic training is necessary to assess the meaning of the existing situation. On the one hand we have an enormous and increasing capacity to produce the goods and services which are the *primary* objective of civilisation and which probably form the material basis on which alone a cultural superstructure can be reared. On the other hand we have an immense population not only unable to obtain from the shops, which are so anxious to sell, those goods which they are unable to buy, but are, by the miscalled unemployment problem, prevented from producing still further goods. Ordinary common sense alone seems to be required to recognise that only one thing stands between this practically unlimited capacity to produce, and what is in fact a definitely limited capacity to consume, and that is the money system, the bottle-neck which separates production and consumption.

Now the evidence is clear enough that this bottle-neck actually operates in fact to an extent exceeding that in which any control of economic process has operated before. He would, I think, be a bold protagonist of the existing financial system who would contend that the results are meeting with general approbation. Just to the extent that the conditions in the world have improved in the past few years, and it must be admitted that this extent is quite limited, this improvement has been obtained by forcibly depriving those persons who, by adherence to the rules of the financial system, had acquired sufficient purchasing power to release them from the pressure of the control, for the partial benefit of those not so fortunate. In passing it may be noted how the power of taxation has grown into a form of oppression beside which the modest efforts of the robber barons of the Middle Ages must appear crude. While the system is fundamentally based upon a theory of rewards and punishments, modern financial methods, in conjunction with the taxation system, would appear to suggest that the acquisition of the reward is proper ground for the imposition of punishment in the form of taxation which will distribute the reward amongst those who have not worked for it. I have very little doubt that in this we are witnessing not merely the decay of the financial system, but of the whole theory of rewards and punishments as applied to economics.

However this may be, the perfecting of the financial system of control outlined in the previous chapter has been contemporaneous with a rising wave of discontent and disillusionment, and it is obvious enough that competent financial policy as operated by those in present control of the financial system aims not so much at removing this discontent, as at removing all mechanism by which it could be made effective. That is the objective of the disarmament propaganda in its various forms. So that we seem to be in possession of a certain amount of preliminary evidence which would weigh against this centralised control of finance. A further examination, I am afraid, only strengthens this view.

Mention has been made of the outstanding prosperity in a material sense which was experienced by the population of the United States during the period 1921-1929. No serious effort has been made to deny the fact that this period was terminated by the action of the Federal Reserve

Banking System, partly by raising the rates for call money to a fantastic figure, and partly by the calling in of loans irrespective of the interest rates offered. So far as any excuse is put forward for the action taken, it is that worse consequences than did in fact ensue would have been the result of further delay. Viewed in the light of subsequent effects it seems difficult to understand in what way this could have been true. Apart altogether from this, however, the course pursued strengthens the impression which is produced by an examination of the lesser financial crises which have been a feature of the twentieth century, that there is something in the banking system and its operation, which produces a constitutional inability to look at the industrial system as anything other than the basis of a financial system. To the banker, the satisfactory conditions of industry at any time are those which make the banking system work most smoothly. If it cannot be made to work smoothly, it must be made to work, even though in the process every other interest is sacrificed.

Only the exercise of a child-like faith, which the present generation seems unlikely to supply, would secure agreement with the proposition that a system which has produced undesirable results in cumulative measure as its power increases, would produce better results if its power became absolute. While grave criticism of the personnel of the banking system and its prostitution to politics of a peculiarly vicious character is becoming daily more common and seems in many cases to be justified, it is evident that the world is becoming daily less willing to trust *any* personnel with a system at once so powerful, irresponsible, and convulsive in its operation.

While, as previously suggested, it is the reverse of true to accuse *Financiers* of planning or desiring war, the financial *System*, of which they are the defenders, is, beyond question, the chief cause of international friction. Since, as we have seen, no nation can buy its own production, a struggle for markets in which to dispose of the surplus is inevitable. The translation of this commercial struggle into a military contest is merely a question of time and opportunity.

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