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THE ROLE OF MONEY AND THE PRICE SYSTEM

(Chapter I of Part II of *The Brief for the Prosecution* by C. H. Douglas—1944)

Certain premises are an essential starting-point for any useful suggestions in respect of the situation we have to face. The first of these is that a comprehension of a sound policy is by no means an identity with a comprehension of the means by which it may be achieved.

The first may be emotional or intuitional; but the second must be technical. There is, fortunately, no lack of the former, but there is immense confusion as to the latter. It is in this difference that one of the greatest difficulties of genuine reform resides. The complaints of the underprivileged have been wholly justified; their remedies have often been inspired by their deadliest enemies. In small matters, most people are quite aware that it is absurd to tell their shoemaker how to make shoes, but reasonable to complain that their shoes hurt. But, to take an important example, once the average voter has grasped the idea that there is something wrong with the money system, it is rarely that he does not attribute its defects to something he has been taught to call private enterprise, and agree that it should be perfected by the nationalisation of the banks. Since monetary reform is not merely vital, but is becoming topical, we may begin the examination of a new policy by a consideration of certain elementary aspects of money, and perhaps the simplest approach is by an inspection of its origins. We may observe that, amongst many reasons for this, is the fact that previous researches have established the fact that centralised sovereignty is at the root of the world's ills; and money is connected with economic sovereignty.

The word "pecuniary" derives from *pecus*, L. cattle, and probably the earliest form of currency, by which we mean something which is not wealth, but can be exchanged for wealth, was a leather disc given by a nomadic cattle *owner* to a buyer who did not at once wish to remove his purchase. The currency was issued by the *owner of the wealth*. To the extent that his ownership was absolute, economic sovereignty resided in him.

The next stage was the accompaniment of war and social insecurity. Wealth was deposited with goldsmiths for safe-keeping, and their receipt became currency. The issue of currency thus passed from the owner of the wealth to the *custodian of wealth*. It is easy to prove that the goldsmith's receipt, which was often a fraudulent receipt, is the prototype of the bank note. Sovereignty largely passed to the goldsmith bankers, who "created the means of payment out of nothing." Finally currency and cheques on drawable deposits became simply bankers' credit, which was not owned by either the owner of real wealth, *per se*, or the producer of wealth. This is quite easy to prove by an inspection of any balance sheet, in which it will be found that "real" items and monetary balances are to be found on the

same side, and both are *assets*. This would imply that someone, somewhere, actually owes to the possessor of money, a "real" asset corresponding to the money, and that this individual shows this property in his accounts as a *liability*. There is nothing in the facts or accounts of the business system to confirm this conclusion, but there is much to suggest that bankers have a concealed lien on nearly all property.

There is little difficulty in demonstrating that the money system will only work satisfactorily when sovereignty over his share of it is restored to the individual. It is unnecessary to develop this thesis here, since it has been fully explored in such books as *The Monopoly of Credit*. The point that is germane to our present enquiry is that there is no evidence to indicate that a nationalised banking and currency system would be anything but more oppressive than a partly decentralised system. Each approach to centralisation, and this approach has been rapid, has increased the tyranny of Finance, a tyranny which in itself is technical, but becomes political by reason of the immense advantages which accrue to its manipulators. There is no more effective claim to totalitarian power than the claim to the sole right to issue and withdraw (tax) money, and no mere manipulation of monetary technique which does not resolve and decide this question can do anything but complicate the problem.

It may be objected that the preceding outline ignores the metallic currency of the Royal Mints. So far from this being the case, the royal prerogative of striking coins is a relic and confirmation of the original theory of money. The King was, as the "Crown" in theory still is, the ultimate owner of everything within his sovereignty. Land and chattels were held ultimately from the King, *and the possession of his coinage was simply an acknowledgment of a grant by him*. Those well-intentioned people who feel that nationalisation of banking, with its attribute of credit-money creation is desirable, would do well to realise what it is they are proposing, which is the Divine Right of Kings, *tout court*, without a responsible King.

It is not necessary to infer from the preceding analysis that the establishment of a mint for every household is desirable. The money system is complementary to, and useless in the absence of, a price system. A corollary of this is that *the price of articles is the direct sum paid for them, together with the proportion of involuntary payments in the form of taxation, which accompany residence within the sovereignty*.

That is to say, every rise in price, whether direct, or in accompanying taxation is a transfer of economic sovereignty

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Words

“To teach the meaning of a word thoroughly is to teach the nature of the spirit that coined it; the secret of language is the secret of sympathy, and its full charm is possible only to the gentle. And thus the principles of beautiful speech have all been fixed by sincere and kindly speech. On the laws which have been determined by sincerity, false speech, apparently beautiful, may afterwards be constructed; but all such utterance, whether in oration or poetry, is not only without permanent power, but it is destructive of the principles it has usurped. So long as no words are uttered but in faithfulness so long the art of language goes on exalting itself; but the moment it is shaped and chiselled on external principles, it falls into frivolity, and perishes. And this truth would have been long ago manifest, had it not been that in periods of advanced academical science there is always a tendency to deny the sincerity of the first masters of language. Once learn to write gracefully in the manner of an ancient author, and we are apt to think that he also wrote in the manner of someone else. But no noble nor right style was ever yet founded but out of a sincere heart.

“No man is worth reading to form your style, who does not mean what he says; nor was any great style ever invented but by some man who meant what he said. Find out the beginner of a great manner of writing, and you have also found the declarer of some true facts or sincere passions; and your whole method of reading will thus be quickened, for, being sure that your author really meant what he said, you will be much more careful to ascertain what it is that he means.

“And of yet greater importance is it deeply to know that every beauty possessed by the language of a nation is significant of the innermost laws of its being. Keep the temper of the people stern and manly; make their associations grave, courteous, and for worthy objects; occupy them in just deeds; and their tongue must needs be a grand one. Nor is it possible, therefore—observe the necessary reflected action—that any tongue should be a noble one, of which the words are not so many trumpet-calls to action. All great languages invariably utter great things, and command them; they can-

not be mimicked but by obedience; the breath of them is inspiration because it is not only vocal, but vital; and you can only learn to speak as these men spoke, by becoming what these men were.”

—John Ruskin. (Inaugural Lecture as Slade Professor of Fine Art, Oxford, 1870).

Reaction

(Copy of a letter from Dr. Tudor Jones to Mr. F. S. Ayres, 21st May, 1962.)

Thank you for your interesting letter. I am glad Mr. Scoular showed you my letter to him.* I do not yet know his reactions to it. His difficulties, whatever they may be, will be different from yours in all probability. I would agree that there may be some occasion for amplification† in many ways. Before I try to deal with specific points which you raise, may I say that it seems to me that one source of difficulty lies in the tendency which some of my critics display (on all matters) to give insufficient attention to their own premises. They don't examine them either critically or separately. Hence, a premise slips past which may be erroneous, and a construct built up on it must therefore be unstable. What people commonly take for thought and thinking seems to me (as it did to Aristotle) to be rather impetuous. It “flits,” as it were, from flower to flower. That is why I do not think it can properly be called thinking, which is a much less gay and inconsequent activity. The French have a saying that the *price* is paid with the *first* step; it is the first step which *costs* (pains). Which-ever way you put it, the implication is that the second step is easier than the first; but also that the first step has more significance than the second. Once the first step is taken, logic is almost purely automatic. Very unfortunately, human affairs have been bedevilled throughout the ages by the fact (unrecognised) that there are at least two possible kinds of first step. One first step is the choice of a word (a mere symbol, a sign, which has no *real* reference to anything; it can exist with it or without it) and the second kind of first step is the choice of a *thing* (not a word)‡ It is all too easy to give names to things without their really being things (at any rate *whole* things) at all. You can give names to “half-baked” ideas, to pure fancies, to ghosts, to mathematical or theological concepts. But, even when you give names to such concrete things as potatoes, the word “potato” is quite incapable of behaving like a potato. It persists in behaving like a word. Although he was less blind to things than most men of his time, Aristotle dealt mostly with words. Douglas, still less blind to things than Aristotle, and knowing a little better what he was doing, dealt mostly with words; so don't let us be “holier than thou” in any sense. Words, like money, are very useful things; but they don't really *do* anything. Dr. Samuel

* Now published under the title ‘Try It on a Map’, T.S.C. March 2, 1963.

† Requested by the correspondent.

‡ The clear distinction between ‘terms’ and ‘things’ was established by one of the greatest of the medieval thinkers, William of Ockham. Born in Surrey about 1290, as a boy he became a Franciscan. Isaac Newton borrowed (and vulgarised) a statement now known as “Ockham's Razor” and enshrined it in “Newton's Canon”. Ockham is not liked by the Church, but his demonstration is of the greatest importance.

Johnson was quite right when he said that "Words are the daughters of earth, and . . . things are the sons of heaven" (clearly he thought sons "one-up" on daughters). Thomas Hobbes, the English philosopher, was also right when he said that "Words are wise men's counters, they do but reckon by them; but they are the mony (money) of foolles," even if it is clear that he thought "money" was not merely a counter.

Johnson was not being "materialistic"; he was merely distinguishing between one category and another. In my opinion, the Church (perhaps intentionally) and most writers on matters affecting human life at our high cultural level—politics, ethics, religion, etc., confuse these two categories to such an extent as to produce great confusion. "Christianity" is just a word; but I fancy the *thing* indicated, or intended to be indicated, by the word could exist (and indeed does exist) quite independently of priests and churches, bibles or testaments. What is it? I think your archdeacon* friend is playing this game with you. By a "change of heart" he does not mean a change of heart at all. I know what a boot is, and what a boot-lace is, and I know what "lifting" is. If one of the rockets now being fired off in the Pacific can "lift itself up" by its "boot-strings," why not a man? "A thing of the spirit!" Well, Genius? I am not sure that word does not come nearer. At all events it comprises the idea of origination, which is the root idea of *genius* and employs the same letters, g, e and n. But your archdeacon is a salesman for his particular brand of *gen*, and not very consistent. Certainly, "seek ye first. . ." and I would agree with the 'perfect freedom inherent in the service of what you find.' But find it! It is of no use to direct me to a building or to a book, or to a string of words saying "There it is," because there it simply *isn't*. Wherever it is, it is somewhere in life, not something in mere symbols.

Next, Yes, Douglas did "try to prevent himself from being pushed in between his ideas and the world to whom he was addressing himself," and he did this (possibly) because of his realisation that it was a thing the Jews had achieved in the early days of Christianity; they had, he said in, I believe, one of the last issues of *Social Credit*, the paper which preceded *The Social Crediter*, "elevated the Crucifixion into the place which should have been occupied by the teaching of Jesus"—i.e., they had thrust Jesus between himself and us, and by so doing had destroyed Him and us. "The Way, the Life, and the Truth"; *Via, Vita, Veritas*: It is the motto of the mediaeval university of which I am a member (Glasgow). Now (significantly to my mind), Douglas had a tiny quip in *T.S.C.* some time later, at which I "sat up." It was this: "Be of good cheer, for I—I—have* overcome the world." Douglas commented, laconically: "Who, *who* is 'I'?" (I do not vouch for the precision of the words here). I can tell you what passed through my mind: "Yes, clearly, *for each of us* and all of us there is only *one* I; everybody else is either "you" or "thou" or "he" or "she"; but not "I." And at the same time this linked itself up with several statements attributed to Jesus, e.g. "I and my Father are one." You and I are one—i.e.,

"I am the vine and you are the branches—we too are one." So the Father, Jesus, and all the "I's" are one. I think that when Douglas drew attention to the "Be ye perfect," he was drawing attention to the same idea. Also, he and Jesus were after the "same thing." This has nothing whatsoever to do with the Secretariat; it has to do with the Catholic idea of reality, the Christian idea; it has to do with the doctrine of the Incarnation. There seem to me to be other essential doctrines of Christianity with which Social Credit has organic connection: the Trinity, the Atonement (repentance and forgiveness; both subject to the same overriding distortion in favour of verbalism and consideration of mob-acceptance)—probably all the essential doctrines have something for us—Go on:—Together they "make sense," and a sense harmonious with Social Credit. *By* here comes the rub: *They make more than one separate sense; three in fact.*

Just as the text in the *New Testament* is ambiguous concerning so important a matter as the distinction between Power (which may be distributed but which cannot be destroyed) and Authority (which can be neither destroyed nor distributed), so (it seems to me) the text (words) of the *New Testament* can be construed in two contrary ways, or opposite ways, or divergent ways, one favourable to ecclesiasticism and the other favourable to Life (but unfavourable to ecclesiasticism). That is two of the senses. But there is a third sense, and that is the sense which relies not on words at all but on experience. This third "sense" agrees completely with one of the textual senses, *but not with the other*. Yes, "the letter killeth." That is why Christianity has been 2,000 years "in the wilderness." Christ crucified has stood between us and Jesus (and Jesus said we were one, and one with the Father, too!—according to my interpretation). *That, too*, makes sense. Now which of the senses do you choose? For my part, I should choose the third (the accordant-with-life-and-experience sense) *if I could get an idea of it*, even in the complete absence of any text at all. It would still "make sense;" it would "work!"

I don't follow what you say about genius being a *reward* of study. Rather it is the starting point for study as for anything else humanly productive. Douglas quoted with approval the saying that "all great men are evil men," so let us leave greatness out of the question. Genius is quite independent of greatness, genius is the point of *origin* of significant performance, not the point of attainment. That follows naturally, though it may be more or less useful and important. And, of course, there can possibly be no question of dictatorship. To *forestall* a point of origin, you would have to get in front of the Creation.

No, I do not agree that "material things are substance." Sub (under) stance (standing) implies a meta (beyond) Physics: metaphysics. "Faith is the substance of things hoped for"—i.e., it is certainly not yet material; it is prior to materiality.

I have written lately to Dr. Monahan, and I suppose Mr. Scouler has seen my note concerning the statement to the effect that "Social Credit is applied Christianity." I have pointed out (Douglas was no impractical fool) that he made use of Emerson's aphorism, "We descend to meet" in explanation of, and to some extent, extenuation of the fact of experience that to associate in any fashion we must, to a greater or lesser extent, leave our ivory towers and "come down." Thereafter, enriched, it is hoped, by the fruits of

* The subject matter of criticisms cited in this page are reported phrases of a clerical objector. They must be inferred from the context.

† Remember that only grammar (a convention) prevents us from saying "I has overcome the world".

association, we may (and do) reascend our ideal thrones in splendid isolation—And, of course, greater *potentiality* (no activity). “The cistern contains; the fountain overflows”—(Blake). But, unfortunately, our Canadian friends have been turning this “practical Christianity” business (which can be defended if one knows how to do it) into a slogan. That makes it, in my opinion, objectionable.

Religion and theology are not synonymous—far from it. We are not theologians; but it is everyone’s business to bind himself back to reality, and if he does not succeed in doing so to a sufficient extent, he will come a cropper.

Douglas said (T.S.C.) that loving your enemies was not necessarily liking them. Also, there is often no fight more harrowing than one between people who love one another. Love, it is true, has so many meanings (from love of lobster salad to love of God) that the word has almost ceased to have a meaning. I heartily agree with you that the clergy (with rare exceptions) *do* not (whether they can or not I do not know) receive or transmit what is to me, the essence of Christianity‡ What is it in Social Credit that is in alliance with cultural forces? The veridical, the real, the organic.

A Tobacco Speculator

“A French newspaper makes the following statement:

‘We learn that M. de Rothschild has arranged an affair which will insure him the monopoly of tobacco not only in France, but throughout the Continent of Europe. He has for some time had agents in America to buy, by anticipation, the growth of all the plantations for a great many years to come.

‘Thirty millions of francs have been appropriated to this vast speculation. The news has spread alarm among the capitalists who have entered into contracts with the royal tobacco manufactory, as it will soon be impossible for them to supply their tobacco at the stipulated prices.’

“What an unheard-of proceeding! One man, by wealth, to acquire a power of money-squeezing or taxing over every one of his fellow-creatures who is addicted to a by no means rare habit!

“The Dutchman and German, who live in an atmosphere of tobacco smoke; the Parisian gentleman, who could not want his cigar; the operative, to whom the short pipe is equally indispensable; the old woman who would perish without her *tabatière*; all to become liable to a suffering in purse for the benefit of M. de Rothschild, because M. de Rothschild happens already to possess overgrown wealth.

“Is there not something alarming in this announcement, as if we were now to find the results of industry converted into the most serious of tyrannies? Why, at this rate, it would only require the profits of the tobacco monopoly to enable the monopolist to acquire monopoly over sugar or tea; the profits of these united, to establish a monopoly of corn; and then we should have Mr. D’Israeli’s ideas of ‘the Coming Man’ realised with a vengeance—the aliment of the human race depending on the will and pleasure of an individual, and he a member of the house of Israel!

“Such may not practically result, but it is theoretically possible; and, on a simply philosophical consideration, nothing could be more curious. The profligate monopolies granted to courtiers, in the seventeenth century, for base and selfish reasons, here recur under totally different circumstances. Here reappears a power of units over multitudes,

such as existed in similar force only in the earliest state of society.”

—From *Chambers’s Edinburgh Journal*, May 2, 1846.

‡ “You know, T.J., these Christians have got hold of something; but they don’t know what it is and it seems we’ve got to tell them.” (C.H.D.)

THE ROLE OF MONEY AND THE PRICE SYSTEM

(continued from page 1)

from the individual to a centralised Sovereign. And the imposition of any condition of law on the free purchase of any article is a similar transfer.

It will be noticed that managed currency systems ostensibly intended to keep price levels constant, are incompatible with economic decentralisation. Managed currencies are controlled currencies and require a controller. The essential requirement of a free economy is radically different. In such an economy the proper function of money is to reflect facts, not policy. If it is a fact, as of course it is, that the “costs” of production are in reality, if not in unstable currency units, decreasing, then both individual prices, and consequently price levels ought to move to lower levels to reflect this process. The argument that falling prices mean loss to producers and stagnant trade is merely perverse. Compensated prices even of a crude and unscientific type are a day-to-day process at the present time, and deal with this situation simply, comprehensively and successfully.

Falling prices, by themselves, are the most perfect method of passing improvement of process on to consumers. They have the effect of increasing real and psychological credit, and raise the international exchange value of the unit, which loses any economic reality if “controlled” or “pegged.” The method of “spending money into circulation to ‘preserve’ (i.e., to raise) the price level” now being advocated under the title of a twentieth-century economic system, is simply a vicious form of managed inflation, ultimately accompanied by necessity by cumulative industrial waste. Assuming that it is understood by its sponsors, it is an attempt to perpetuate government by finance.

There is little doubt, however, that while a price system based on facts and consequently unsusceptible to manipulation, if the facts on which it is based are published, is a primary essential, a national dividend is only less so. The attempt to capitalise this necessity by a levelling-down process masquerading as contributory social insurance has already been noticed. The justification for a non-contributory dividend both theoretical and practical has already been explored and demonstrated, and it is unnecessary to repeat the arguments at this stage.

It may be observed that a satisfactory restoration of the money system to its essential principles is vital to the preservation of money systems of any description. Failure to achieve this objective would at no great distance in the future deprive mankind of what might be one of his most valuable mechanisms.

The idea that, in the engaging words of the letter attributed to the American Bankers’ Association, “Chattel slavery will be abolished by the war. . . . We can achieve the same result by controlling the money” is even yet a fond aspiration in many quarters by no means negligible. But, in the face of wider knowledge of the nature and functions of money the attempt, although it will doubtless be made, will merely result in the final elimination of “bankers’ money.”