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FOR POLITICAL AND ECONOMIC REALISM

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Social Credit in 1967

A Review for New Readers

In 1917—fifty years ago—there was born an idea which, if we survive the present world crisis, must surely lie at the base of any continuing civilisation based on the ultimate freedom of Man.

Clifford Hugh Douglas, consulting engineer, with major engineering achievements in Great Britain and India behind him, in 1917 was engaged in an investigation at the Royal Aircraft Establishment at Farnborough in England. This investigation had to do with costs in industry, and in the course of it Douglas made the observation that in any particular instance, and over a definite period of time, the cost-price of a factory's output of goods exceeded the amount of money distributed, via wages and salaries, as purchasing-power in the hands of individuals. "Cost-price" means the amount of money which must be obtained by the sale of goods to balance the books of the factory in a given accounting period. As a mathematician, Douglas of course generalised this observation: if it were true of any particular factory, it must be true of all factories, and hence of industry as a whole. That is to say, industry does not distribute over any given period of time enough money to buy what it has produced in the same period of time.

Somehow or other, this observation gave Douglas an extraordinary insight into the fundamental problems of political economy. He systematised the observation into a formal analysis of the economic progress, and published the result in the form of an article entitled *The Delusion of Super-production*, published in *The English Review* in December 1918. This article exposed the fallacy of the then orthodox view that the war, *after it had been fought*, would have to be paid for, and that this could only be done by intensified production for exports to obtain the money to pay for the war.

Douglas apparently believed at this time that his analysis would be welcomed by those responsible for the guidance of public affairs; if so, he was soon disillusioned. It is at this point that the history of the Social Credit idea, which is the subject of this review, begins.

Social Credit in 1967? This title seems to imply that Social Credit in one year differs from Social Credit in another. The fact, however, is that the problems with which Social Credit deals have presented themselves differently as the years have gone by. What in 1917 appeared as a relatively simple economic problem, requiring only an adjustment in the financial system to dispose of it, has matured into the greatest political crisis in Man's history, so that the very future of civilisation as we have known it is at stake. *The economic issue is still fundamental, but the political is now paramount.* Douglas's writings reflected this changing balance as the years went by.

Douglas's first book, published as such in 1920, on the subject which later became known as Social Credit, was

Economic Democracy. The *emphasis* in this book was on the economic issue, but it was not primarily a book on economics. It embodied a profound social analysis of the fundamental conflict between centralised control and individual liberty: "The danger which at the moment threatens individual liberty . . . is the Servile State; the erection of an irresistible and impersonal organisation through which the ambition of able men, animated consciously or unconsciously by the lust for domination, may operate to the enslavement of their fellows." It showed that the operation of the economic system at that time increased the threat of the Servile State.

But *Economic Democracy* contained as it were in germinal form the ideas which Douglas elaborated later as the course of events dictated a necessary change in emphasis in the presentation of Social Credit as a coherent doctrine of political economy. Thus as early as page 10 in *Economic Democracy* Douglas refers to "the marshalling of effort in conformity: with well defined principles, the enunciation of which has largely proceeded from Germany, though their source may very possibly be extra-national". When the efforts of Douglas and his followers failed to secure a rectification in the economic system, which he recognised as the vehicle of the will-to-power, he increasingly devoted his attention to the fact and mechanism of the "marshalling", and ultimately to those responsible for the marshalling.

In an address given in 1926, Douglas committed himself to the idea, stated then in rather general terms, that our increasing troubles were due to conscious conspiracy proceeding from a headquarters "of no geographical location", operating chiefly through control of the financial system with its derivative control of the industrial system and the mass media of communication.

The *Monopoly of Credit*, first published in 1931, exhaustively analysed the economic system, but beginning with the observation that "Parliaments and Embassies have not for a long time been more than the salesmen of policies manufactured elsewhere", ends with the conclusion that finance had achieved an impregnable position, and that the only thing to be done in the circumstances was to fix the responsibility for mounting disasters, with further world war in prospect, on those in control of the financial system.

The Delusion of Super-production exposed the fact that the then orthodox theory of growing rich on exports led to increasingly fierce competition between nations for export markets—a competition which in the last resort meant war; and in 1917 that seemed a sufficient explanation of war. But by the time war was resumed in 1939 Douglas had become convinced that those in control of the financial system wanted and worked for war as simply a step in a long-term policy which embraced the 1914-1918 phase of war as well

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FROM WEEK TO WEEK

There are increasing indications that the International Communist Conspiracy is approaching its culmination—or defeat. It is almost three years since an article, *What We Face*, was published in these pages suggesting that a counter-revolution had begun and was the chief issue of the times. The 1966 Congressional elections showed a marked swing to conservatism. Now, according to *Human Events* (April 1, 1967), state legislatures in the U.S.A. are calling for a Constitutional Convention which could offer constitutional amendments to limit federal authority "in a host of fields". The main target is the one-man one-vote ruling of the Supreme Court. Thirty-two out of the necessary thirty-four states have filed petitions.

There has also been introduced to Congress a resolution to prevent further expansion of trade, and other agreements with the Soviet Union and its East European satellites until "there is demonstrable evidence that they have abandoned their policy of support for so-called wars of national liberation."

The recent election results in Britain indicate a grass-roots rebellion: but the destruction of credible leadership of truly conservative opinion poses a problem distinct from that in the U.S.A. The battle must be fought on an issue: is there one which offers greater opportunity than the recognition of Rhodesian independence?

"The obstacles to understanding are formidable: not least the power of the mass media. To the present writer at least it has been a frightening experience to find friends of intelligence and integrity, who have never been to Rhodesia, stating as categorical facts propositions anyone who lives here knows to be untrue—and answering objections by asserting that Rhodesians are brainwashed! Surely this is the stuff of war.

"One was compelled to admit, after a recent visit to Britain, that the image of Rhodesia put across by the mass media is overpowering in its conviction and well-nigh irresistible. Returning to Salisbury one had to rub one's eyes to realise that this smiling, tranquil land is the same country as the nightmare tyranny endlessly placarded, de-

nounced and pilloried in Britain."

—Fr. A. R. Lewis, Archdeacon of Inyanga, Rhodesia, in *Church Times*, April 21, 1967.

Doubtless the Commu-Socialists would regard the mass media as organs of 'Capitalist' oppression, and the Government of Rhodesia as a similar instrument. Unfortunately this sort of incongruity presents no sort of problem to the 'liberal' mentality. Yet when the terror descends on Britain, the 'liberals' will be among its first victims, for they are the bourgeoisie, to be exterminated as a class.

There is a fantastic fallacy underlying the economic arguments put forward as 'compelling' Britain to seek entry to the European Common Market which appears to have gone unremarked even among those opposed to entry. The argument is that entry would give Britain access to 'wider' markets which, it is said, are necessary because of the complexity of modern technological industry. The fallacy is that the argument overlooks the fact that the 'wider' markets are already being supplied. They are not there waiting to be filled from Britain's expanded industry; they would have to be captured from those already supplying them. Expansion of industry is only possible where the rate of production is greater than the rate of consumption, consumption including, in the case of durable goods, depreciation and obsolescence. But just because of this, the output of industry eventually overtakes demand.

The end point of this process requires not further expansion of industrial capacity, but the actual slowing down of the rate of production to a point where it meets the requirements of depreciation (i.e., actual wearing out) and obsolescence (i.e., an unacceptable degree of inefficiency in relation to technological advance). This fact is obscured because *demand* on capacity is dependent on payment of wages and salaries for work in progress, and since payments are made in currency of a steadily depreciating purchasing-power, an increasing industrial production *appears* to be an economic necessity, but in fact only compounds the problem.

Mr. Harold Wilson is reported (*The Times*, April 28, 1967) as saying that the costs to Britain of "going in" or the costs of not "going in" are not "quantifiable". "(The) decision will be made on largely subjective value judgments, not capable of quantification". That is as much as to say that the indefinite fate of Britain is to depend on the subjective opinion of an ephemeral gang of politicians, none of whose electoral pledges have been honoured.

Otherwise what Wilson is saying is that the economic question cannot be solved in terms of arithmetic. It sometimes seems that Wilson is not very good at arithmetic anyway; but in this case it is not a problem in arithmetic; it is a problem in physics and *political* economy, stated by Douglas as follows: "Once you have surrendered to materialism, it is quite true that economics precedes politics . . . While this is obvious and axiomatic, it is not so obvious, though equally axiomatic, that the principle works both ways. That is as much as to say that if you can control economics, you can keep the business of getting a living the dominant factor of life, and so keep your control of politics—just that long, and no longer."

Walter Hallstein, President of the EEC Commission, was even more explicit: "We are not in business to promote tariff preferences . . . to form a larger market to make us richer, or a trading bloc to further our interests. We are not in business at all: we are in politics."

Although great ingenuity has been exercised to obscure

the real economic issue (which is that within a given industrialised community industrial expansion and advancing technology steadily displace manpower) the physical facts are emerging from the obscurity, and in the easily foreseeable future would render a rectification of the defective economic system inevitable. This might be accomplished by a sovereign Britain, and this is a potential threat to World Government. But as soon as the British Parliament is subordinated to the Regulations of the EEC, which cannot be altered by national parliaments, nor challenged in national courts of law, Parliament is effectively superseded.

The remedies for the defective economic system have been known for fifty years, and are certainly known to the quarters which could implement them. That they have not been implemented is the strongest possible confirmation of the fact that the problem is political, *not* economic. The bid to subject Britain to the EEC will, if successful, remove the question of economic reform from British jurisdiction. Once having signed the Treaty of Rome, no nation may withdraw from the Community. And if Mr. George Ball's call for Britain to renounce her nuclear power becomes effective, Britain *could* not withdraw.

The members of the British Parliament owe allegiance to the Queen so that an attempt to transfer that allegiance to the EEC is treasonable and the members of the Government are guilty of treason, and of misprision of treason. But the process is now so far advanced that few "dare call it treason".

Political Intelligence Publications, 55 Park Lane, London W.1 has published a small booklet summarising the important provisions of the Treaty of Rome. It deserves the widest possible circulation. The time left in which any effective action can be taken may well be a good deal shorter than we are led to believe. The time for counter-revolution is *now*, before it can be put down by force.

Joining the Common Market What the Treaty of Rome Means

A small booklet summarising the important provisions of the Treaty of Rome, published by Political Intelligence Publications, 55 Park Lane, London, W.1. Price 6d. Also available from—K.R.P. Publications Ltd., 245 Cann Hall Road, London, E.11.

The Inevitable

Under the heading of "Wrong Results", *The Church Times* (April 14, 1967) notes the "ominous signs" that the effect of sanctions on Rhodesia is likely to be "exactly the opposite of what was desired." The first sign is that the Rhodesian Front proposes at its conference to delete all reference to Her Majesty: thus "the way is open to the declaration of a republic." Secondly, they propose to recognise the Government's obligation to provide "separate facilities" to enable different races to preserve their customs, which would mark a step "leading straight to the South African type of *apartheid*."

The Church Times notes also how sanctions against tobacco may cause a rise in price in tobacco now sold in Britain, which would bring home to the public "the awkward fact, which the Government has been most anxious to keep concealed, that the policy of sanctions is costing Britain as well as Rhodesia very dear."

I suppose Mr. Wilson is surprised at this "backfiring", and that he really believed in success for his policy within weeks rather than months. Otherwise the whole exercise was designed to drive the anti-communists into a corner,

where they could be exterminated by U.N.O. But one cannot reasonably expect Britain's one former friend on the African continent to show much enthusiasm when our Government heaps on them every insult and injury that a considerable ingenuity can devise. And our action has driven them inevitably to find friends where they may, if they are not to suffer the fate of other minorities.

We also find a review of *Rhodesia and Independence* by Kenneth Young, and the reviewer Peter Kirk calls it a "good and speedy job", and the book is almost "splendidly partisan." The reader, he says, may be surprised to find Duncan Sandys attacked. Yet one could add that Mr. Smith has shown a Kiplingesque virtue and that "If" might have been written for him, while the British politicians have appeared to be consistently slippery. Mr. Young, we learn, is the Political Adviser to the Beaverbrook Newspapers.

Some letters in *The Guardian* (April 17, 1967) take a different and less realistic view. R. Langdon-Davies C. R. wants an interim period of direct rule "or broadly based local administration", whatever that means, while H. Cunningham suggests that the massacre of the Ibos should not cause a ripple in Rhodesian opinion, and H. E. Hiley asks why not submit the matter to the UN "and administer Rhodesia under a mandate from the UN?" So we must close our eyes to Katanga as well!

Mr. Julian Amery writes of "A Change of Wind in Africa" (*Daily Telegraph*, April 21, 1967) and notes the same tendencies as *The Church Times*. He has just returned from Rhodesia where he observed that despite a barrage of incitement to murder and rebellion, "relations between Europeans and Africans remain very good . . . Over the river in Zambia there is a camp holding two or three thousand Rhodesian Africans . . . trained in sabotage and terrorism." He calls Mr. Wilson's present position so unrealistic as to "raise the suspicion that Mr. Wilson does not want a settlement at all."

But the Archdeacon of Inyanga, the Ven A. R. Lewis, still hopes for a Christian solution to "the Rhodesian Impasse", believing that even now "the Church can act effectively for reconciliation" (*Church Times*, April 21, 1967). Friends, he says, who have never been to the country state as facts propositions which anyone living there "knows to be untrue". "Surely this is the stuff of war", and leads to the crucifixion of the common people of Central Africa. What chance has the truth, he says, against the mass media "in spreading contemporary myth."

The Archdeacon pleads with British Church people to "seek the truth in love", and at least avoid doing evil, even if they imagine good might come of it. Reconciliation is possible "if Christians will abandon the diabolical weapon of persecution," and the secular thinking which has swamped the Church. Fr. Lewis must be a truly spiritual man, for he examines the presuppositions of Councils and archbishops—such worn phrases as the "illegal Smith régime" and "majority rule"—in the light of reality, and says it is "difficult not to see the hand of God" in Rhodesia averting the fate which sanctions threatened. Further sanctions can "only create more evil", and perhaps drive Rhodesia into South African methods.

So he pleads for the Christian method of reconciliation, which must be more effective than sanctions, while he believes that "the Church could play quite a decisive part in building a better Rhodesia", and that there is no other path forward. *All others lead backward.*

—H.S.

Social Credit in 1967 (continued from page 1)
as the 1929 great depression. "If there is any hypothesis which will explain the events of the twenty years between 1918 and 1938, other than that which includes a conscious preparation for the resumption of the War for the further benefit of those who were the primary beneficiaries of its first phase, I am not familiar with it" (*Whose Service Is Perfect Freedom—1939-40*). In this same work Douglas also wrote: "There can be no solution of the world's troubles which does not deal drastically with the individuals, of whatever race or country, whose object is the final subjugation of the individual to the institution—the World Bank, with the World Police Force to see that the World Bank retains total economic power. The problem is not a European problem only, or even chiefly."

During the war, Douglas turned his attention to elucidating the nature of the long-term policy which, emerging into the open with the French revolutions which massacred the French hereditary aristocracy, proceeded by means of the 1914-18 war to the virtual destruction of a generation and thus to the break-down of the historic sense of national identity; and, through the 1929 great depression, largely destroyed the power of the middle-class and prepared the way for cartelisation and Fabian-London School of Economics state-planning by the destruction of small businesses in favour of 'rationalisation', so preparing the way for the 1939 war to create the conditions for international government. This large field is covered in *The Big Idea* (1942).

In *Programme for the Third World War* (1943) Douglas examined events of the inter-war years more closely, and posed the question which confronted Social Credit as a policy: "Is there a traceable link between the power which disallowed the Alberta legislation (designed to apply certain Social Credit economic principles in the province of Alberta), financed Hitler, emasculated British military power, and ushered in the Second World War with a determined attempt to turn Great Britain overnight into a State Capitalist undertaking with an unknown Board of Directors? We have beyond peradventure to find out, and if it exists, to identify it.

"And this information has to be obtained, and the individuals have to be identified in the spirit, not of propaganda, but of a judicial trial which will be followed by a sentence. That trial, if its impartiality could be assured, would desirably be a judicial trial . . .

"If the responsible individuals during the years 1915-1940 are identified and punished, we may avoid a Third World War. If not, we shall have a Fourth and Fifth.

In Douglas's last major work, *The Brief for the Prosecution* (1944), he collated the evidence available along the suggested lines; and he noted "Social revolution has itself become a profession in place of being a religion, paying, in its higher branches, and subject to compliance with a code, high dividends both material and social . . . Anyone who has contemplated the changes of front of the Communist movement must be satisfied that it is an extension of international financial intrigue."

"It is only important to the powers behind revolution that there should be unrest; given unrest, control of publicity, propaganda and educational facilities, it can be invariably directed to the advantage of the unseen manipulators."

II

The real as opposed to the ostensible objectives of the 1939 war emerged in post-war developments. Douglas early held the view that the internationalists regarded the British

Empire as the greatest barrier to their ambitions to achieve an unchallengeable World Government. Even during the war it became clear that the dissolution of the British Empire was an 'American' war aim. As the U.S.A., then headquarters of the international financial power, had Britain in the grip of unrepayable debt, Britain was in no position to follow an independent policy, so India was partitioned and the bits given independence. This began the process of de-colonisation—a process which has reduced a relatively ordered and stable world to the chaos which prevails today—a designed chaos to form the pretext for World Government.

The second great war aim was the U.S.A.-U.S.S.R. alliance, and the territorial expansion of Communism—an expansion which has been facilitated all the way by the U.S.A. State Department.

Does anyone suppose that de-colonisation would have come about without the war? Or that Communist expansion could have occurred? Or that either of these occurrences is unrelated to a long-term policy?

Incessant propaganda plus treasonable activities within home governments have given colonisation a bad name. But whatever its excesses in its beginnings, colonialism became fundamentally benevolent, controlling endemic bloodshed, eradicating disease, developing communications, introducing stable administration, judicial concepts of justice, a common language, and expanding educational facilities. As someone has put it, you cannot build a chimney from the top down. But beginning from the bottom, colonialism would eventually bring about a development where independence would be a natural outcome.

But such a development would be fatal to the aspirations of the internationalists, whose aim was and is to get legal control of the world's raw materials, and to operate on these through international consortia—an impossibility should those raw materials remain in the possession of genuinely independent and viable nation-states, emerging from the tutelage of the colonial powers. So premature independence was instituted to destroy the achievements of colonialism. Douglas, foreseeing this development, observed that the Conspiracy cares no more for the immolation of the peoples of a continent than for the death of a sparrow: a gruesome prophecy which we have seen fulfilled.

The third war aim was the setting up of the United Nations Organisation and the associated International Monetary Fund and World Bank.

The important part of the UN is the Secretariat, almost all of the top officials of which are from Communist countries; and the international agencies which in more or less nascent form constitute an international bureaucracy, the administrative apparatus of World Government.

(To be continued)

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The office at 245 Cann Hall Road, London, E.11, will be closed for one week 10th—17th June, 1967. Orders arriving during that time will be supplied as soon as possible after Monday, June 19th.

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