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Social Credit and the British Crisis

Social Crediters have been pointing out, with little success, for half a century that what is physically possible ought to be financially possible. The trouble is that most people cannot conceive the magnitude of what is physically possible. This is largely because the language of 'economics' is deliberately deceiving, and confuses *money* with *things*. This in turn derives from the treatment of money as a commodity, as something having a real physical existence and an inherent real value. This quite simply is not the case. If all bank loans were recalled, all 'money' except gold, coins, and some paper notes would simply disappear into non-existence, and the economic life of the community would revert to primitive barter until another monetary system was devised. This is what happened to a large degree in the 1929 Great Depression which was caused by the cancellation of bank 'loans'.

The point is that 'money' is really a *system* of finance, mainly operated by the circulation of cheques which effect changes in book-entries in banks and businesses. Currency—the money people handle—is only the small change of minor transactions. That the present system is a bad one is demonstrated in the results it produces; and consequently it should be replaced by a system producing the results which would give general satisfaction to the majority of individuals affected by the system. The present system gives full satisfaction only to the very few who control it. The larger number who operate and maintain the system are in effect bribed by the few by higher remuneration, positions of subordinate power, and various forms of patronage and honours. Prestigious economists of opposing views (which keep the public confused), politicians in the higher grades, high-ranking bankers, heads of government departments and other aspirants for power have a vested interest in maintaining things as they are.

One measure of the physical capacity to produce was provided by the war when, while millions of people were engaged in combat or activities sustaining combat, huge volumes of complex munitions, and ships and aircraft and transport vehicles were produced and destroyed. In terms of consumer durables, the ships, aircraft, tanks, bombs, shells, small-arms ammunition, etc., represent an enormous wealth of cars, pleasure-craft, household goods and furnishings, domestic labour-saving devices and so on. In fact, the 'cost' of carrying on a war is a financial measure of the capacity to produce, and therefore a measure of what peace-time production *could* be. To put it in another way, peace-time incomes (at stable prices) could be several times greater than they are at present. The problem is not the 'equitable' redistribution of an inadequate production, but the artificial and unnecessary restraints placed upon *potential* production, in the interest of 'management'. We live in the peace-time equivalent of a "guns before butter" economy.

In the absence of war, or preparation for war, this productive capacity dwindles. Factories go out of production and the 'problem' of unemployment arises. Small, and then larger, businesses 'fail'. Yet all the time the cost of living rises so that effective demand diminishes, and productive capacity atrophies for lack of that demand. Those on fixed incomes are steadily impoverished, so their demand on productive capacity falls off, compounding the problem.

All this is "old hat" to many of our readers; but the political implications are not so readily grasped. The system—the finance-accountancy system—which produces such absurdities is *deliberately maintained* and indeed is being pushed to the point of complete economic break-down, at which point there will be revolution. It is in preparation for this that Soviet military and naval forces have been brought to a position which the military experts tell is one of "overwhelming superiority" at least *vis-a-vis* Europe, and which is rapidly overtaking that of the U.S.A.

In this situation, the idea of 'fighting' or 'controlling' inflation by fiscal measures is nonsense. Taxation has one legitimate function only—to provide revenue for the *proper* functions of government—defence of the realm, maintenance of law and order and justice, public communications, public health, etc. "Management of the economy" ought to be expressly excluded. "The economy" is basically productive capacity, or ability to produce and deliver goods and services on demand, and that is "managed" by actual producers. But government "management" is essentially a set of restraints placed on industry—"regulation". European Economic Community Regulations—which it is proposed should be made directly applicable "with the force of law" in the U.K.—run to 90,000 pages.

On the face of it, this is absurd. But behind the face is concealed a grim and relentless purpose—World Government. This is what those 'regulations' really mean. They are the mechanism for the control of the individual in detail. No one man could know the totality of those regulations. But taken as a whole they form a pyramid of administrative control, by which the few at the apex of the pyramid can exert their will. It is to this that the history ("crystallised policy") of at least the last two centuries has been leading. There has been nothing inevitable about it; it is the outcome of conscious and malign purpose — that of the enslavement of mankind.

The answer to it—and what it is designed to prevent—is the wider distribution of independent incomes. This indeed would have been a complete and simple answer fifty years ago, but the progress of tyranny has gained such momentum that the application of a remedy is no longer simple, though once the nature of the problem is recognised still, for a little while longer, possible. But once the Red Guards take over, a new Dark Age will envelope the earth.

Labour-saving machines save labour. Their whole purpose is to create unemployment—that is to say, to set men free so far as possible from the *necessity* to be employed in an *organisation* through which they can be controlled from the apex of the pyramid. The proper purpose of industry is not to maximise 'production' of a largely unspecified nature (some of it wasteful or even harmful), but to set men free to pursue their own development as individuals. If there is a spiritual side to man—if man is, as Christianity teaches, the *incarnation* of spirit—then the freeing of that spirit from mere material limitations is the proper objective of industry. The *real* profit of industry is *leisure*.

In present circumstances that could best be achieved by steadily reducing the retiring age, those retiring being entitled to the continuation of their incomes at the level achieved on retirement. To achieve this certain technical alterations in finance-accountancy would have to be introduced. That they were not introduced long ago is simply and solely because they would have defeated the attempt to achieve World Government with universal wage-slavery—"full employment" enforced, if necessary, at the point of a gun, with labour camps for the 're-education' of the dissidents—as the mechanism of government.

The overt attempt now being made to impose severe limitations on British national sovereignty probably affords the best opportunity in recent years to institute the necessary reform. Had Nazi Germany won the war, the German Government would have constituted a European Economic Commission, which would undoubtedly have comprised a multi-national bureaucracy of Nazified French, Dutch, Italian, British, etc. administrators ("collaborators"). Internationalism of any sort is *necessarily* multi-national, so long as language differences persist, though its structure is pyramidal, as in the Army. That is to say, so long as there is a chain of command, the nationality of the individuals representing the links in the chain is largely irrelevant. It is who are at the top and the orders they give which matter. But where internationalism is conspiratorial (as with the Royal Institute of International Affairs and the Council on Foreign Relations—*vide* Toynbee*: "And all the time we are denying with our lips what we are doing with our hands")—there is an unidentified Board of Directors at the top.

Obviously including Britain in the 'European' Community is a major objective of the international Board of Directors. In consequence, repudiation of the Treaty of Brussels before it becomes binding and enforceable would be a major step in forcing a disclosure of the composition of the Board, for doubtless outside pressure would be brought to bear. Of course, this repudiation carries a grave risk—the risk of war—but the alternative—to let things slide—is certain disaster. On the other hand war is a grave risk to the Board, which could not necessarily prevent its becoming nuclear war, entailing the literal destruction of their plans and hopes. That is the reason for the Nassau 'Agreement', intended to deprive Britain of any independent nuclear missile initiative.

The citadel of the World Government Conspiracy is control of international finance, and the dependence of national finances on the "Paper Gold" which is becoming the currency of that control. If Britain were to break that control, the controllers would be forced into a more exposed position,

**International Affairs*, Nov. 1931.

where they would be vulnerable. Britain certainly is dependent on the import of raw materials; but in the absence of military sanctions, these could be obtained by agreement on the financial equivalent of a barter basis. To revert to the beginning of this article, whatever is physically possible is financially possible, and to say that the exchange of surplus Australian wheat or wool for British Rolls Royce cars or British aircraft is impossible because of a lack of 'foreign' exchange is so delusive a conception that it is believed by and dictates the actions of Governments—Hitler's technique of the Big Lie. In these circumstances it is high time for Governments to respect the real, even if inarticulate, aspirations of the people they were elected to represent; and a first and essential step in that direction in Britain is to say *NO* to the Treaty of Brussels. On an issue as clear as this, a Postcard from constituent to Representative is sufficient.

It is very likely true that the inner convictions of a majority of Members of the House of Commons is against the surrender of national sovereignty, as embodied by the Queen in Parliament. But Party politics, with its "threats, pressures, promises and bribes" has repressed that conviction. It needs reinforcing by a demonstration from the grass-roots of the will of the people; and those who are in favour of surrendering our sovereignty need to know that they had better never again "dare show their faces before their constituents to seek their suffrage for themselves, their government or their Party", to paraphrase Mr. Enoch Powell.

Mr. Powell has also pointed out that if the people lose their sovereignty, they will be themselves to blame. True, they have been deceived; but having seen through the deceit to what is fundamentally at stake, every affected individual should make his will known to his Representative in Parliament. A Postcard is all that is needed, for the Representative can draw his own conclusions if the cards are numerous enough.

It is necessary to preserve our sovereignty as a first step on the way to a higher quality of life. And that higher quality of life requires a reorientation of our conception, *misguided* heretofore, of what a modern industrial system is for.

The *Times* newspaper, March 15, 1972, reported Mr. Heath as saying: "A dynamic, enlarged Community will provide a growing market for East Europe. Industrial co-operation within the Community will provide a base from which we can contribute to new projects, some of them so large as to be beyond the scope of one firm or even of one country, in the Soviet Union and elsewhere in East Europe."

Now this is decidedly *not* the proper objective of industry. It represents some sort of delusion of grandeur, far removed from the hopes and aspirations of ordinary men and women. It is only necessary to ask yourself what you would do if you came into possession of an independent income (such as by winning a large lottery or football pool) to know what the hopes of millions of "common" men and women really are. They have nothing to gain by reconstructing the globe with projects beyond the resources of any single country.

And what sort of things will East Europe want to buy from the "dynamic, enlarged Community"? Complex components for nuclear submarines, or transistor radios and gramophone records? Who will the purchasers be—Governments, or low-paid "common" men?

The first objective of any industrial system (and the most elementary system is hand-fabrication and simple barter, by

which for millenia primitive man survived), is the provision of food, clothing and shelter to *all* members of the community. The second objective is to make that provision less onerous to the individual—an object which has perhaps been over-achieved, but which results in leisure—leisure which is miscalled “unemployment” and penalised accordingly. The alleged cure for this unemployment is the accelerated production of yet more labour-saving factories and grandiose schemes of ‘development’ — “large projects beyond the scope of one country. Why? These projects, of course, call for International Authorities to ‘manage’ them. Who are to be the Managers? Mr. Heath? Mr. Rippon? Mr. Wilson?

With the successful installation and operation of labour-saving machinery—i.e., an industrialised economic community—the fundamental economic problem becomes more and more the question of the *equitable distribution of leisure*, and once this is recognised and adopted as a primary objective — i.e., policy — as against grandiose ‘development’ to maintain full employment, it can be seen that it is a mere matter of technique to adapt the monetary and accounting systems accordingly.

Any such adaptation, however, has to take into account the condition to which Society has been reduced by the prolonged application of the policy of full employment. It is a matter of simple observation to realise that Society is sick. Old age pensioners are relatively starved in the midst of plenty; lower-paid workers are plagued by constantly rising prices of necessities, increasing taxation (mainly indirect), and the threat of unemployment through sheer redundancy. The effect of inflation is of course to increase the numbers of lower-paid employees, while progressive taxation penalises the better paid. Thus there is a general levelling *down* of the community, while government becomes ever more remote from the people. The outcome of all this is frustration, protest, crime, and immorality, drug addiction, and loss of spiritual and artistic values.

In considering remedies in the current context, it is of prime importance to realise that in ‘developed’ countries there is a physical abundance of the prime necessities of life — food and clothing. Shelter — homes — for the poor are less abundant, but deficiencies could rapidly be made good if the ratio of office-building to domestic dwellings were altered in favour of the latter. The space provided in modern Government offices for each ‘worker’ accommodated therein costs the equivalent of something of the order of \$20,000, and the maintenance and servicing of the building is a charge against the taxpayer.

So the first step in rectification should be to ensure that every officially retired person should be able to maintain his standard of living as attained at the time of retirement. This would immediately help to maintain a market for the production of those in employment.

The second step should be the progressive reduction of the retiring age, representing the replacement of human labour by increasingly automated production. This would result in more rapid promotion in all grades of industry, and would act as a psychological inducement to efficiency.

Under present conditions unemployed youth is a menace to Society; but adequately provisioned retired elders, who have experienced the discipline of productive occupation, would be a stabilising influence.

Considered without the prejudice that “if a man work not, neither shall he eat”, the reforms suggested appear not only desirable, but necessary if we are not to descend into

a condition of disciplined international slavery. The test is not whether the reforms would be good for others, but whether they would be acceptable to you yourself. If you were offered your current income on retirement at the age of say sixty or fifty-five under conditions of stable prices, would you accept, to make room for the on-coming generations?

If this prior question is settled, then it is only a matter of technique to make what is visibly physically possible financially possible. Clearly, only principles governing techniques can usefully be enunciated, practical measures depending on particular circumstances in any given economic unit, such as Canada, the United Kingdom, the U.S.A., etc. All these units have similar economic systems and ‘problems’, and problems common to several units do not disappear by amalgamating the units, though other problems are all too likely to emerge. The main economic problems are: rising prices (inflation); unemployment; and unsaleable surpluses. It is no answer to look to markets in the ‘under-developed’ countries, for these have little with which to pay for what they need to import; and giving goods away merely means more money chasing fewer goods in the donor countries, and higher taxation accordingly. Aid may be humanitarian (but what about our old-age pensioners?), but it cannot be economic in the sense of solving economic problems.

The chief orthodox or official indicator of economic activity is known as the Gross National Product (GNP). This is defined as: “The total value of goods and services produced in a country in a given period, usually a year, after the deduction of all goods and services (except depreciation of capital equipment) used up in the course of production”.* There are various qualifications to this definition, but these do not affect what follows.

The important point to note is that the definition is a *post hoc* one. It measures (in some sort of way) the *financial* results of economic activity *at the end of the selected period*, and does not reflect what those results might have been if various ‘factors’ bearing on the activity had been different. Thus the GNP during war is immensely greater than in peace-time; but on the basis of peace-time GNP, war could not be carried on! And more and more, of course, it varies with Government policies of ‘stimulation’ and ‘restraint’.

However, orthodox economic procedure is to take the GNP as approximately constant, add to it a component due to the “growth-rate” of such and such *per cent.*, and consider the result as a sort of cake to be cut up and divided—consumer-spending (too much of which ‘causes’ inflation), Government expenditure on ‘services’, public works, industrial expansion, and so on. This is the process known as “management of the economy”, and it has a fatal fascination for politicians, economists of opposing views, and political and economic commentators, who back their preferences like backing horses in a race.

But the whole conception is fundamentally unsound because it confuses figures relating to ‘money’ (usually merely accounts in books) with things having a real physical existence, but varying degrees of utility (can pornography be equated with woollen cloth?); products of industry vary from perishable consumers’ goods, durable consumers’ goods, raw materials and intermediate products to industrial ex-

*Report of the Committee of Economic Enquiry: Vol II, 1965: Commonwealth of Australia.

pansion (factories and machines, etc.), public works, office and bank-buildings; and munitions ranging from aircraft-carriers to small arms ammunition, which for the most part are stock-piled and, in the absence of war, are gradually written off as obsolescent, and replaced. As the *Report* modestly puts it: "The goods and services to be included in the measures of the GNP or national income are not identifiable by a single test"! Nevertheless, manipulating the various components of the GNP is the basis of the odd pursuit of 'fighting' or 'controlling' inflation, and huge and costly government offices are built to accommodate the completely unproductive but expensive public servants who are remunerated to play this game.

A realistic form of the financial-economic system must be based on a more adequate concept than a *post hoc* set of figures; and a much more realistic one is to hand. This is the financial estimate of the physical capacity of industry to deliver goods and services on demand. As we have seen, this physical capacity is demonstrated in time of war.

The chief point to bear in mind is that the estimate referred to does not need to be exact. It is certainly greater than is indicated by the GNP in peace-time. There are surpluses of food and the raw material of clothing in most industrialised countries, and surpluses are exchangeable. There are probably few industries which could not *immediately* increase their delivery of goods by 10-20% if the monetary demand were forthcoming; and progressively, by expansion, increase their deliveries per annum while demand persisted (but it must be remembered that demand for certain durables falls off when the original demand is satisfied, and new demand is on account of obsolescence only).

Now this overall capacity to produce can be given an estimated capital value. For a beginning, it could be given a value of say ten times the maximum (adjusted) GNP in the past five years. This is simply a valuation; although expressed in monetary terms, it does not consist of money. But it does represent a reality against which money, which represents a demand on industrial capacity, can be issued. Such a valuation could be designated, say, the National Resources Fund. It would be progressively re-valued by more precise estimates of productive capacity in accordance with variations in that capacity. But on the whole, productive capacity increases year by year. This 'Fund' can be regarded as a 'security' for the issue of purchasing-power (money), just as a dwelling is regarded as security for a bank loan (which is an issue of *new* money).

On the basis of this 'security' (which is simply a sort of actuarial assurance that an issue of fresh 'money' will have an effective purchasing-power) an account, say the National Resources Account, would be credited annually or periodically to an appropriate monetary institution—a Central Bank or a specially constituted authority. The amount credited (a purely book-keeping transaction) would be a percentage—a 'dividend' on the NRF. This account would be a drawing account for the following specified purposes:

(1) To ensure that all officially retired persons and invalids retain remuneration at the level obtaining on retirement.

(2) To subsidise a 10% reduction of prices of goods at the point of sale to consumers (negative sales-tax).

(3) To pay wage increases determined by arbitration on the basis of demonstrated increased productivity. These increases would not be reflected in prices.

This represents a minimum and interim programme, to be adapted progressively to an economic situation which would alter rapidly as these measures took effect. The long-term objectives would be the progressive lowering of the retiring-age, and the progressive lowering of prices in relation to the physical facts of consumption and production, expressed as a ratio.

Proposals of this nature (here they are stated in barest principle) are usually stigmatised as "inflationary"—simply because they would increase the amount of money available to the community. But in point of fact, inflation is the direct result of issuing all new money in such a way that it enters into costs which have to be recovered through the medium of prices. In these proposals, the new money—additional purchasing-power—does not enter into costs; but when spent, goes to liquidate past costs, and is cancelled as *consumer* spending power. It either repays a bank loan, in which case it is cancelled, or is placed to industrial reserves to meet the cost of obsolescence and depreciation of industrial plant.

It ought to be obvious that if economic security is diminishing, as it is, while industrial productivity is increasing, the economic system *must* be faulty. But it so happens that the fault leads to greater government power (because 'managing' the economy means managing people), and will lead either to World Government through, to use Professor Toynbee's words, "the strenuous efforts which we are making to centralise the force of sovereignty", or through Communist conquest — again, as Professor Toynbee put it: "the imposition of a universal empire through the victory of one militant nation over all the rest".

Now it is not necessary that large numbers of people should understand economics. But they should understand issues and possibilities. The paramount issue is world totalitarian government, or increasing self-determination for individuals. This is the fundamental *political* issue. Economic policy is at present designed to force the amalgamation of industries into larger unities, and the amalgamation of economic communities, with the loss of local national sovereignties. This is what Professor Toynbee calls "preserving our modern economic internationalism". He says: "The local national state, invested with the attributes of sovereignty is an abomination of desolation." The objective is the ultimate sovereignty of a single World Government. Such a Government would naturally undertake the equalisation of the wealth of its Provinces, thus ensuring full-employment for the world's population and an equalised wage-slavery for all except the Masters and their Executives. If that is what we want for our children and our grandchildren, then we need do nothing; we are nearly there. Otherwise it is essential to preserve our national sovereignty, and freedom to make such economic arrangements as bestow the true benefits of industrialisation—labour-saving—on ourselves and in increasing measure on our children. The choice is, as C. H. Douglas said nearly forty years ago, "between yet one more retreat into the Dark Ages, or emergence into the full light of day of such splendour as we can at present only envisage dimly".

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