

Who in Hell Needs Social Credit?

By Edward Minton

The title above is uncalled for, inappropriate, untoward, and exceedingly reprehensible and I am sure, that were I a competent word-smith, several other descriptive adjectives and various other parts-of-speech would readily spring to mind to assist me in emphasising that such titles as the above ought never to be mentioned, let alone be addressed, in any society which may occasionally enjoy the passing presence, or any other brief association, with so august a person or persons who may work, have worked, or who are in the future to work, in a Bank.

Of course, irrespective of any conceivable circumstances, I would never address myself to anything such as the above title, but the reason why **I ought and should not do so**, no matter what the calculation, is of such urgent and pressing a public importance, that I feel that it must be placed on the public record at great length and with the utmost expediency.

Without telling you what Social Credit is at any length, or trying to make any sense or reason out of it, which for many is exceedingly difficult and confusing because of its excessive simplicity and understandability, perhaps I may venture two things about it. Both are by way of definition.

Firstly, Social Credit is, or it certainly claims to be, the “*policy of a philosophy*”. Here a *philosophy* is defined as “a concept of reality”. We may see or conceive of what is real correctly, or incorrectly, but either way we arrive at our philosophy. Even people most disinclined towards intellectualism are compelled to come to at least some conclusions about what is real, and when they do, they have arrived at their philosophy.

Our philosophies, and we cannot avoid developing them, automatically and involuntarily give rise within us to *policies*. A policy is a “bias as to activity”. If our philosophy is that apples are good for us, we may have a policy of eating apple pie. If our philosophy is that rabbits are man eaters, we will certainly run away at the sight of them.

Now C. H. Douglas who founded the Social Credit movement held that its philosophy was *Trinitarian Christianity*. This is beyond exploration here, but the point may be made that this concept of reality holds that every person is unique and of precious worth to God, that his interest is in the self-development of all his attributes, including his spiritual dimension, and that all systems are to serve persons.

Christians are among a minority upon this earth in that they do **not** worship abstractions. They worship an incarnate proper person in Jesus Christ.

From the above it follows that the full application of the *policy of our philosophy* in all respects is only to be had in heaven. Conversely, only in the complete subjection of all to tyranny, to debasement, depravity and worthlessness can the total absence of social credit be experienced. Hell is the total absence of social credit.

With this in mind we may return to our title “Who in hell needs it?” While the answer is *everybody*, this is of no service whatever, because by definition there is none there, and there never can be any there.

Now the second thing that Social Crediters say in defining what it is, is that “It is the belief, inherent in society, that individuals can, in association with each other, get the result that they want.” This makes it a matter of faith, or belief, in the efficacy of society once the correct principles of human association are applied in pursuit of our object, which is always efficiency in terms of human satisfaction. This is the social credos, social belief, social faith or social credit.

With this comes the knowledge that faith rules. It precedes all human activity. The alcoholic does not pass his money across the bar without faith that a drink will be passed back. A man neither looks to the left nor the right, without the faith that he may thereby learn something to his advantage. This is not at all to say that because we believe that we can do something, we can always actually do it, but without faith we can nonetheless never do anything.

So putting aside all the cleverness of the above, why do we need social credit, or more properly, why do we need more of it? When social credit is written “Social Credit” with capitals, it denotes that body of understanding and knowledge specific to the movement founded by C. H. Douglas, and it is to this, and in this way, that the rest of this essay will be addressed.

Social Credit only has value when it offers greater efficiency in terms of human satisfaction in some area of our lives. I intend visiting a number of matters such as retirement, home ownership, saving, family, leisure, stress and debt where I believe Social Credit can help.

The Treasurer of Australia, Mr Joe Hockey, is currently (March, 2014) proposing increasing the retirement age from 65 years to 70 years. Other countries are at various stages in doing or considering such a proposal. As those over retirement age are entitled to an old age pension (subject to a means test) the Government will save perhaps, over time, a million payments of around \$300 per week. This saving is, of course, the objective.

This is one of the clearest instances where the real economy is being ignored with obsessive emphasis on the “financial” economy. What production are we in need of, that the elderly must now be recruited into the labour force to deliver? Supporting the elderly is not causing shortages in any known way. All food stores shelves are bludgeoning with every form of food, the only limiting factor in the system is in selling it. Shall we have the elderly mixing concrete, climbing scaffolding and pitching rooves because there is a dearth of shelter, or drive them to the looms and textile factories because we are in threat of going naked? (1)

The funded consumption of pensioners is in no way depleting the evident abundance everywhere existent. The whole conception of this madness is that financial credit should take precedence over the leisure of the elderly, notwithstanding that there is no physical need for their employment whatsoever. This is elevating the abstract over the real. The medical

definition of madness is “A state in which the perceptions of the mind are an incorrect reflection, or representation, of what is real.”

In Social Credit economics we differentiate *real credit* (our ability to deliver desired goods and services when, where and as required) from *financial credit* which of course is money, which serves only to assist with the accounting and distribution of the real credit. The correct relationship between the mind and things demands that the administration of the symbolic and artificial creation, money, reflects the real economy. In another reality, with widespread famine, suffering from exposure and insufficient clothing, then of course the aged, with their experience and the morale of old dogs on hard roads, would contribute despite failing strength to the best of their ability and with good cheer. “Get real” might well be the catch cry of Social Credit.

Until natural (or man-made) disaster destroys our industrial inheritance which is progressively making production possible with decreasing labour, the retirement age should be falling for those who wish it, to reflect this economic reality of increasing abundance with decreasing effort.

C. H. Douglas said that the purpose of production was “The delivery of desired goods and services, when, where and as required *with the minimum of trouble and inconvenience.*” Yes, this does mean that the less that employment is necessary, the better. But before you fling down this essay and cry out in rage, please wait for my story about coconuts, because perhaps then my madness will be put beyond question.

Once upon a time a man was marooned upon an island upon which there was nothing to sustain him but coconuts. It took the milk and flesh of four coconuts per day to sustain him. Periodically a high tide would immerse all the island briefly, and float all the coconuts which had fallen of their own accord out to sea. Being an incompetent climber he was reduced to throwing stones into the tops of the trees to occasionally dislodge one. He found that if he threw stones all day from sun-up until dusk, which required all his strength, skill and energy, he could, though utterly spent at day’s end, get 4 coconuts.

Now as the cost of production is the consumption which it takes to produce it, what was his cost of production? He produced 4 in consuming 4, and so the cost of each of his coconuts was a coconut.

One day after many months, by sheer chance and good luck for some reason 6 coconuts fell down by day’s end. This meant that he had a half day of leisure the next day. Now leisure is not doing nothing, it is doing what you want to do rather than having to do what you are compelled to do. In view of his circumstances he went exploring. He found a grove of bamboo, selected two long strong shafts, and bound lesser ones between them at right angles, so fashioning himself a long, light ladder.

Now he found that in any day he never failed to acquire at least 20 coconuts. For 4 coconuts consumed he produces 20, so what now is his cost of production? It is $4/20$ which gives the

cost of production of each coconut, as one fifth of a coconut. This is a high degree of profitability.

If something like the above were the case in a highly complex economy, where sophisticated products were produced through many stages of intermediary products sometimes taking years, and millions of people were involved so that it could only be organised per medium of a money system, yet it was so efficient that 20 product units were produced for every 4 paid to consumers to induce them to produce them, how could the 16 excess units be distributed? There are two ways only. Consumers could go into debt for 16 units to the Banks or to whoever was authorised to create that society's money, in time building an enormous national debt. Or their Government could issue more "tickets", or money created free of charge, and distribute it to consumers to achieve the same thing, without adding to the national debt.

Of course this is an oversimplification. Were the only costs the 4 units paid to consumers, then producers could reduce their total prices to 4 units and all would be cleared. In our complex economy other costs reach far back in time. Depreciation and financial repayments of a 3 year old machine in use now, is in part the costs associated with building the machine in an 8 year old factory which manufactured it at a time when it was 5 years old. In part it goes back to a then two year old truck which delivered the construction steel for the factory, and the mines and railways which are older again. Much, most, or indeed all of the 16 units may be legitimate historical costs of contriving our "bamboo ladders", which have to be recovered in prices charged, for industry to continue to operate.

I'm going to stop complicating it further now. My point is that we need Social Credit and the accounting it suggests (National Balance Sheets and Profit and Loss Accounts) which no Government now produces, and a preparedness to subjugate money to reflecting the real economy, before we can benefit in the *abundance with leisure* which was achieved by the coconut collector.

I am not suggesting that we could now enjoy 4/5th of our time as leisure at comparable living standards, but certainly as work is taken up by the machine and improved processes, leisure should be expanding. The fact that it takes a two income family now to pay off a mortgage and raise a family, where 60 years ago a one income family without modern technological advantages could do it, is evidence of massive distortion.

The need for social credit is not a long litany of material benefits, because it encompasses matters cultural and spiritual, both from which, and for which, we can be freed respectively. In order to keep what material things we have, we are compelled to distort everything material, cultural, and intellectual that we've got. To put this beyond reasonable doubt will take a couple of paragraphs.

Before the 1920's it was regarded as axiomatic that production always distributed sufficient purchasing power to buy that product. It was called "Says Law". C. H. Douglas discovered that this was not so in 1917 and published this in the 1920's. In 1930 Douglas formally gave this evidence to John Maynard Keynes at the MacMillan Parliamentary Inquiry in England. In 1935 Keynes published his *General Theory of Employment, Interest and Money* which

held in a convoluted way that the technical problem causing depressions and recessions was a periodically recurring shortage of purchasing power. He prescribed a vigorous expansion of the economy, mainly by funding additional capital and infrastructural works, to be funded by increasing society's debt to the Banks who would create additional new money to finance it. If the economy is not working, *make it bigger*.

This was accepted by the banking establishment and through their influence, by Governments, and has been vigorously pursued ever since. Its cultural impact has been horrific.

One cannot have expansion in the absence of expanding consumption. Pick up a magazine, turn on the "Telly", open a newspaper. The incessant cry is consume more, need more, buy more. It is not a matter of telling you what is on offer, which is reasonable, but of exciting material gratification in every and all conceivable ways. Buy this and ...your peers will envy you, you will be more sexually attractive to others, there will be more adventure in your life, you will be noticed and admired as you walk down the street, you will at last have more security, or you won't have smelly feet (when you don't anyhow).

Getting us to wastefully consume is a science. Mr Daniel Kahneman, a Nobel Prize winning psychologist in his book "Thinking, Fast and Slow" says the mind has two systems. The fast *system one* admits everything. We can't help it, that's how it is. The slow *system two*, though lazy, may be calculating and rationalising and may overrule system one.

Advertising is consciously aimed at our stupidity, not at our intelligence, and this is why stupid programmes and dumb journalism is usually best associated with it. It doesn't excite the second system into activity.

But the extent of cultural distortion goes far, far beyond this. In Australia it is considered necessary to expand the population to achieve that growth which will ward off recession. Time was when Australia was a Western European culture with an Aboriginal minority. As European migrants cannot be had in sufficient numbers anymore, Asian, Moslem and African people are brought. These people have to be housed, schooled, feed etc. They may not be so necessary as producers, but are indispensable as consumers. Some people feel that multiculturalism is a good thing, and perhaps it is, but the fact is that it is economically compulsory under Keynesianism. Being compulsory it can never stop without recession, so present Australians have no alternative but to be progressively displaced by dissimilar peoples.

Part of expanding economic activity is in continually building giant centralised infrastructural facilities. Rural peoples have long been observed to demand, and get, far less in Government infrastructural spending than do city dwellers. They conserve water via rain water tanks, bores and dams, and do it where it falls, have a higher percentage of solar electricity, and their roads are cheaply formed of gravel, and many even home-school their children.

The concentration of government employment in the cities, and the banks' policy of charging much higher interest upon homes built in rural areas than in cities, are both part of the policy of concentrating people in the areas of greatest infrastructural dependence.

Debt and the money supply can be expanded by public demand when alternatives cannot be possible. While culturally cities contribute enormously, and in many ways which can never be possible in rural locations, access to it, with the digital revolution, is pretty much available everywhere, and in a rural environment it is available in a more reflective, contemplative and peaceful way where Kahneman's *number two system* is more easily attended.

It's time for another story. This one will help to explain our enslavement to home mortgages which oppress us for much of our working lives.

An auctioneer who worked in a small community was transferred by his company to a place hundreds of miles distant. He decided, since his furniture would need to be shipped, and much of it was getting weary, to put on an auction and sell it, buying replacements for his new residence once there.

Before the auction day arrived one of his fellow village residents had the good fortune to win \$250,000 in a lottery. This winner was one of the local Aboriginal elders in the area. Those who know them, often observe that these people have great camaraderie, they are generous with each other, and those with good fortune are most readily successfully importuned to share it with their friends and family. And so it was that perhaps twenty people were funded by the winner to help them buy furniture at the auction.

However they had not thought to bid as a group, and each bid against each other. The prices reached were therefore extraordinarily high, beyond new prices, and the only beneficiary was the auctioneer.

This is exactly what everyone does in the real estate market. The only source of additional money in any society is the Banks, and their propensity to lend it to several parties prepared to bid against each other at auction sets the upper price of homes. Auction clearances are regarded by all real estate professionals as the best indicator of price movements. They indicate what the banks are prepared to lend, and the highest bidder-borrowers always win.

The need for home prices to continually inflate is critical to increasing society's debt (and thereby its money supply), and this in turn is critical to bolstering purchasing-power to stave off recession, so it is a mandatory requirement for our economic continuity, and the dominating view and the intellectual rut from which orthodoxy cannot climb. In Britain over 60% of all pounds which exist were created to finance home sales. (2)

That marriages go on the rocks under the financial pressure of servicing mortgages, that the birth of children is delayed (perhaps for ever), that mothers who would prefer to spend some critical years with the children they do have, but must instead be driven into the work-place, that stress filled adults and neglected teenagers sometimes succumb to escapism in horrible forms, are not the deliberate objectives of this policy. But it is tearfully submitted in compassion, that they are the unfortunate fallout of what is absolutely necessary.

After all it is obvious that any maggot will invariably starve to death if the apple he inhabits is too big, unless of course he can force up his consumption, and borrow sufficient so that he may afford to eat it all. As a timorous observation at this point it may be observed, with constrained diffidence that in nature there is no such thing as debt. We cannot make bricks with next year's straw, nor grind corn with a future flood in the mill-stream, nor yet eat food which doesn't exist.

Debt is a phenomenon of human accounting, it does not occur in nature. It has its place, in accounting costs of production for instance, but crucifying the real economy and the people caught up in it to placate some obsessively held abstraction has all the defined qualifications of a lunatic's delusion. It also is totally rational and sane if the primary objective of the productive system is to establish a system of government over the human organism. In this later case Social Credit must be seen as utter madness, even though I like it.

Social Credit is not a system of abolishing debt, but a system of providing the means of paying it. Yes we need to account costs to give us a yard stick to measure the consumption used in producing. Only in this way do we know whether we are winning an increase in our economic activity, or suffering a loss with a net diminution in production. But when we do have a profit, and we decidedly do in aggregate terms, in almost all circumstances barring cataclysmic disasters, we suggest freely issued credit to facilitate its consumption, not increased debt which exacerbates the difficulty in the future. For this we are the heretical pariahs of the bank dominated intellectual culture currently transcendent in the financial, academic and multi-corporeal establishment. And from this never a socialist will demur, for their clockwork movement was wound up from the beginning so that their whole lives may be lived out in full employment in the service of their bosses.

“Bar, bar....I want my bosses! Were I given any National Dividend I would only descend into drunkenness and debauchery to that extent! My dignity as a human being is limited to *‘the dignity of labour’*. Socialism holds that *labour produces all wealth*, and upon this rock I have built my ‘church’. To accept a National Dividend would imply that our industrial inheritance of know-how, automated processes, digital and robotic assistance, and existent plant and machinery have in some measure replaced us. I will forego any benefice to avoid the pain of facing my emancipation from full employment, for in this is the meaning of life. Dividends are the preserve of the Bosses! They are not for such as us! Bar, bar....I want my bosses! I want my bosses.”

There is no help while the gramophone record is stuck here. Nor is there hope in the alternate God to Labour's, which Keynesians and other orthodox economic schools worship; the sacrosanctity, omnipotence, and the inviolable overlordship of the most-high enumerated abstraction known to the profane as *money*. That it should serve simply to attain efficiency in terms of human satisfaction, and suffer the indignity of relegation to the status of a theatre ticket, albeit one with universal claim to all available in the market place, is not to be borne by those with, or dependent upon, the sensitive and acquisitively refined instincts of commercial banking.

Another benefit of Social Credit is that it has a method, *the Just Price Mechanism*, of ending inflation. We know this works in stopping inflation, because for three years Australia's Prime Minister John Curtin used it, and inflation stopped. The Commonwealth Bureau of Statistics *Year Book* No. 54 of 1968 reveals that at the outbreak of war in 1939 the Retail Price Index was at **153**. Price controls were introduced and strictly applied, however by 1943 the Price Index had risen to **188**. The reason for this was that price control could only limit price at the top, for if it set a price below cost, production would stop and so would the war effort. The money supply was being rapidly increased without any consumer product coming onto the market; a result of the efforts of those involved in the war effort. As much as possible was being exported to the Japanese at no charge, making this the most difficult time in Australian history to control inflation.

In 1943 John Curtin decided to end inflation. (Curtin had some Social Credit training in his youth in Western Australia). *Some of the money supply increases were applied to discounting down the price of many basic commodities*. The cost of living didn't rise, so wages didn't need to be raised either. From a starting point of **188** in 1943, in 1944 the Price Index was **187**, in 1945 it was **187**. By 1946 (John Curtin was now dead) as the anti-inflationary measures were phased out it grew to **190**. Thereafter it was inflation as usual. Five years later in 1951 the Index reached **313**.

No other school of economic thought can point to a record of success in any period as was delivered by this Social Credit mechanism. The scourge of inflation and the depletion of savings and fixed incomes that it brings, may be of no use in hell, but those on planet earth would like some of it, one would think.

The terms under which we relate to each other, commercially, culturally, personally and in ways innumerable is at issue here. The refrain of those possessed in the service of an inviolable abstraction exultant above any considerations of delivering efficiency in terms of human satisfaction, is singing a little too much, methinks.

Footnotes

- (1) The Commonwealth Year Book, 2012, published by the Australian Bureau of Statistics, credits Australia with producing for every man, woman and child, each year, to name a few items, 970 kg of wheat, 350 kg of barley, 150 kg of red meat, 14.7 tonnes of iron ore, 18.3 tonnes of coal, 15.8 kg of cotton lint and 17.9 kg of wool. It also tells us there are 7.6 million occupied private dwellings in Australia with an average of only 2.6 persons residing in each. Is the need to work our retirees evident?
- (2) *Annual Abstract of Statistics*, No. 145, 2009 Edition, published by the Office of National Statistics (UK). Under "Money Stock and Liquidity" M4 is given as 270,845 million pounds, and under "Industrial Analysis of Bank Lending to UK Residents", loans given by "Mortgage & Housing Credit Corporations" is stated as 176,722 million pounds. This represents 65.24% of the money supply (M4). No

later statistics are available to the author at this time. Also Michael Rowbotham, 1998, *The Grip of Death*, Jon Carpenter Publishing on page 279 “..house mortgages currently support 60% of the money stock..”.