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FOR POLITICAL AND ECONOMIC REALISM

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Life and Death

During the Crimean War, a Medical Officer kept a case-book of the casualties and illnesses he attended, and subsequently this was published. One of the cases was a soldier shot through the chest. Such a wound gives rise to internal, rather than external, bleeding; but the effect is just as much an effective loss of blood from the cardiovascular system as when the loss is external. The patient becomes pale, weak, sweating, breathless, and has a failing pulse; and on these appearances the diagnosis can be made. The resources of surgery about a century ago were not sufficient for dealing with torn lungs; treatment was empirical rather than rational, and took the form of blood-letting — opening a vein and allowing blood to escape. This was intended to lower the blood-pressure, the *rationale*, such as it was, being that this would induce a fall of blood-pressure to a point where the internal bleeding would cease, thus saving further embarrassment to the breathing due to the accumulation of blood within the chest. The medical officer recorded that despite this treatment, next day his patient's condition was worse; and accordingly he performed a further venesection. Despite these efforts, the patient died.

The history of medicine is replete with similar misconceived pragmatisms, to which untold lives were innocently sacrificed. The germ theory of disease was, for a time, viewed as a dangerous heresy, and the practice of anaesthesia was conceived as wicked. We think today that we are beyond such superstitions; but in fact long-held beliefs are often even now almost ineradicable. And this is true pre-eminently of the so-called 'science' of economics.

The civilisation — Graeco-Roman-Christian — which at the beginning of this century held such glorious promise is visibly dying. For civilisation really is a form of life; it is organic rather than mechanical; like physical life, it evolves; forms of the present are rooted in forms of the past, and decay of its institutions leads to disease and destruction of the body politic.

The early promise of the twentieth century lay in the fruits of the industrial revolution. Revolution is not the right word, for what had happened with the harnessing of steam-power and electricity was a new point of departure for mankind. Before that, animal-power, water-power and wind-power were only a fraction of man-power, such as built the pyramids and the cathedrals, and human habitations from hovels to palaces and mansions. Ships which sailed the oceans were made by hand, and roads and bridges were constructed by sheer labour. Yet, in a few thousand years how much was accomplished and remained: the heritage of man.

The industrial revolution, or transformation, could hardly have been foreseen, any more than one with no knowledge of fruit-trees could foresee the orange in the pip. Yet it was an event of the magnitude of the onset of an Ice Age; it has transformed the globe as surely as glaciers have channelled and chasmed mountains. Change is an indication of force, and great change means great force. The force here is solar force, entrapped for the most part in fossil fuels, accumulated from the sun's rays over millions of years — and totally expendable in a matter of a few centuries.

One way we measure this force is in terms of horse-power, on this basis, and under favourable conditions (good mechanical and thermal design, efficiency in the scientific sense) one horse-power unit can displace about ten man-power units. But mechanical power can do more than this; it can accomplish tasks impossible for man. And the number of horse-power units available today is greater than the number of men. A comprehension of all this must lie at the root of any formal system of economics.

Yet the London Sunday press of 16 August, 1970, contained a spate of articles on inflation, most of them resembling the pronouncements of witch-doctors on the plague. The Economics Minister, Mr. Carr, had said that Britain is faced with "economic disaster" if cost-inflation is not "curbed". One Eric Jacobs, in an article about wage "restraints" and "small pushes", provides a useful glossary (collection of glosses; list and explanations of abtruse, obsolete, dialectical or technical terms): "Cripps' 'freeze' (1948); Macmillan's 'plateau' (1956); Thorneycroft's 'Three Wise Men' (1957); Selwyn Lloyd's 'pause' (1961), and 'guiding light' (1962); and George Brown's 'norms' (1965), 'standstill' (1966) and 'period of severe restraint' (1967)". Mr. Patrick Hutber, City Editor of the *Sunday Telegraph*, thinks the leprechauns have been at Mr. Peter Jay of *The Times*, who makes light of inflation, one of "the minutiae of economic management". *The Observer* pontificates on "The only way left to tackle inflation," which it characterises as an "alarming problem".

As treated in the Press and by 'economists', or anyway by 'economists of repute' who would lose their reputation and their living if they did not conform to the prevailing mystique, inflation is a sort of mysterious disease of the economic system, incurable, as pernicious anaemia was once considered to be, but susceptible of curbing or restraining by one or another of a variety of measures (see glossary above). To the man in the street, inflation is an increase

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The Economics of Disaster

Notes by C. H. DOUGLAS

We almost feel that we ought to apologise for recalling to our readers that "exports" from this country (Britain) are mainly imports more or less processed, and then re-exported. The obvious result of this elementary fact is that an increase in exports of 75 per cent, which we are now told must be attained if we are to live at all, means that we must import and pay for, as well as transport, free, all the raw material of these exports which is not indigenous, before we have a penny to spend on either maintaining our plant or raising our standard of living. And our competitors have only to put down prices in the competitive market for ten years, to ruin us permanently.

(December, 1945)

(It was this situation which led to the devaluations of sterling, making matters even worse. — Ed.)

* * *

Adjusted to the purchasing power of the gold sovereign and the wage standards of 1890, we have probably exported at a total loss, i.e. thrown away both without thanks and at the risk of international complications, not less than Ten Thousand Million Pounds' worth of production in the last sixty years. The amount may easily be greater; it certainly is not less. Not one penny's worth of that production has gone to raise the standard of living of this country. Up to the present, we have spent on this war about twenty-five thousand million pounds, which is rather more than the estimate of the whole capital assets of Great Britain before the war. In the 1914-18 phase of the conflict, we probably spent one quarter as much; but in neither of these cases is it easy to say what was the total capital loss, if the greatest item of all, human wastage, is given a monetary figure, which is, no doubt, what our dialectical materialists would consider proper.

. . . The flat contradictions of the existing British policy are not foolishness; they are, for the first time, open and undisguised efforts to secure the final triumph of the World Domination which has been the covert purpose of every major historical event since the French Revolution, and probably for many centuries before that.

(February, 1946)

* * *

We think it is high time that some Member of the House of Commons of, say, the character and type of Mr. W. J. Brown . . . should take up seriously, and push through to an exposure, the nature of the book-keeping which appears to accompany the liquidation of the British Empire.

To take the Indian sub-continent as an example, Great Britain has developed over 43,000 miles of railways with stations, bridges, administrative offices, and auxiliary works; provided irrigation works for 27 million acres of otherwise nearly useless land; developed first-class harbours at Karachi, Bombay, Madras and Calcutta; built some of the world's greatest bridges and trunk roads; developed modern power systems, hydro-electric and otherwise; transformed the great Presidency cities from slums into sanitary, attractive, well-built settlements, traversed by wide tree-shaded boulevards; built public and business administrative offices unexcelled

FROM WEEK TO WEEK

It is a long time since public opinion was an effective sanction over governmental action, if only because public opinion has no mechanism of expression. "Letters to the Editor" are obviously carefully screened — anything that goes to the heart of our troubles is almost never published. Even Sir John Glubb's letter to the *Observer* published on 2 August (*T.S.C.* 5 September) concerning "a matter of life and death for Britain" will not remove the Soviets from the Middle East, or prevent the further build-up of Soviet naval forces and bases in the Indian Ocean. *The Sunday Telegraph* of 30 August, 1970, reports the setting up of a military garrison at the former British crown colony of Socotra at the mouth of the Red Sea. It has been smugly asserted by various commentators that the Suez Canal is no longer vital to the 'West', because modern oil tankers are too large to use it; they must therefore proceed via the Indian Ocean and the Cape of Good Hope. This, of course, makes the Suez Canal of prime interest to the Soviets, because it gives them the logistic ability "to stop, obstruct and search British merchant ships" (Sir John Glubb).

The British Government cannot counter this situation militarily; but, until Britain is absorbed into Europe, they might be able to get away with such economic reforms as would expose the real situation. A patriotic majority in the House of Commons is the last hope visible to us. If Parliamentary Democracy means anything but a device of our bitterest enemies, it means this.

THE MEANING OF MEANING

"The true meaning of a term is to be found by observing what a man does with it, not what he says about it".

— *The Logic of Modern Physics*, Bridgman

* * *

"A controversy is normally an exploitation of a set of misunderstandings for warlike purposes."

— *The Meaning of Meaning*, Ogden and Richards

anywhere; rescued the forests from almost complete destruction and so checked soil erosion — to put the matter shortly, transformed a sub-continent.

Not merely has this been to the immense advantage of the indigenous inhabitants, but (until it was discovered that we were so imbecile that we would allow any amount of mud to be thrown at us, and believe we deserved it) the performance was the envy of the whole world, and has never been approached by any other country, European, Asiatic, or American.

We now evacuate the scene of 150 years' intensive and successful effort, not merely under a stream of abuse from the sob-sisters of the Middle West (with whom we have a 'special relationship' — *Ed.*) and the aliens of Leeds, Bedford, the London School of Economics, and Chicago, but we appear to owe "India" £1,500,000,000. In other words, we have worked for *nothing on three years' total exports of the United Kingdom at 1936 levels, for the benefit of "India" alone, without paying for a single pound of imports from India or anywhere else*, before we have liquidated the balance of money cost to us of 150 years of Indian development.

The same tale meets us at every turn — Burma, the Argentine, China. Alone amongst the "victorious nations" we stagger under impossible tasks; and we work without pay, subject to contempt and in two years bereft of even prestige. Either our negotiators are traitors or they are so incompetent that they are not fitted to manage the traditional wheel stall.

We need clear information of every international transaction from the agreement made by Isaacs in Washington in 1917 (probably the basic agreement) accompanied by balance sheets of the assets transferred, together with the replacement values at present price levels. Unless we are very much mistaken the British public is being subjected to a "steal" which leaves any previous steal in history on the level of petty larceny. All the tentative experiments in procurers can probably be identified in the oil and railway rackets of the Rockefeller-Vanderbilt era.

(March, 1948)

(Are our negotiators to "get us in" to the Common Market a cut above those former negotiators, or is it merely the same racket carried to its logical conclusion? You pay, but thanks to the collusion of the Parties, you have no choice. — *Ed.*)

THE DEVELOPMENT OF WORLD DOMINION

by C. H. DOUGLAS

The post-war years in Great Britain under the Attlee Socialist Administration were critical, for in those few years Britain, victorious in war, lost the peace. Throughout that period the late C. H. Douglas wrote a series of penetrating commentaries dealing with the politics, economics and conflicting philosophies of the times. He warned the British of the fate being prepared for them — the fate which has now befallen them. Once-Great Britain is now derisively referred to as the Sick Man of Europe. This did not "just happen", nor was it, as it appeared to be, mere incompetence. It was the maturation of long-prepared conspiracy, preparing the ground for the *coup de grace* under the Wilson Administration. The selection of commentaries comprising this very important book make it unique among Douglas's works, and highly relevant to the current situation.

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Life and Death

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in the cost of living, to be combatted by an increase in income. To the 'economist', increased incomes means "too much money chasing too few goods", a "cause of inflation, on the one hand; and on the other a variety of inflation known as "cost-inflation".

In fact and in short, however, inflation is pure robbery.

Leaving aside such contemporary shibboleths as population explosions, the most fundamental economic fact is that man, like every other animal, can support himself — indeed, must have done so before the invention of the earliest tools. With the coming of tools, and even more with the development of co-operation between individuals or groups, the effectiveness of individual effort, or work, was progressively increased. Moreover, there began an accumulation of the products of past efforts; tools have a certain longevity, as do various constructions, such as houses. The use of accumulated resources again increased the effectiveness of individual effort. This continuing process can be summarised in the expression that continuing invention and accumulation progressively increased the "purchasing-power" of individual effort, in exactly the same (non-financial) sense that the use of a lever increases the purchase of muscular power.

An entirely new factor (multiplier) enters with the application of mechanical power (mainly through the combustion of fossil fuels) to the processes of production. On the simple basis noted above, that one horse-power-hour can replace ten man-power-hours, it can be seen that the real "purchasing-power" of human effort is constantly increasing as further energy is harnessed.

By the beginning of the twentieth century, the industrial revolution, in principle, was largely accomplished. No doubt the distribution of the product was inequitable, but the fundamental reason for this was the concentration of resources on the expansion of the industrial base, and the development of overseas resources — an excess of exports over imports is always and necessarily a net physical loss. However, the continuous expansion of the industrial base provided the means for lessening inequalities.

Now suppose that in the year 1900, all incomes had been fixed, but at the same time the prices of goods to consumers had been continuously reduced — that is to say, inflation in reverse. That would be an exact reflection of the physical fact: that the harnessing of extra-human energy increases the "purchasing-power" of human effort. In these circumstances, inequalities of incomes would become progressively of less significance, while still reflecting the hierarchy of natural abilities.

If, at the present time, everyone's income were doubled, with no increase of prices to consumers, a great deal of the provocation to social disorder would disappear. But precisely the same effect would be achieved if incomes remained as they are, and prices were halved. Either course would no more than partially rectify the situation brought about by decades of inflation; but at the present time, neither course is practicable, because economies are orientated to excessive capital production. But it *would* be practicable to set a policy of steadily reducing prices, thus continuously increasing effective purchasing-power in the hands of consumers; and

this would in itself gradually effect a re-orientation as between capital and consumer production. That the basis exists to meet a significantly increased consumer demand is borne witness to by the intensity of advertising; there must be few firms or industries which would not be capable of increasing their capacity to meet an *assured* consumer demand.

All this is not in the least degree theoretical. It is a matter of life or death for Great Britain as a nation and, in all probability, a matter of life or death for huge numbers of individuals.

Was Mr. Carr indulging in empty rhetoric when he warned of economic disaster? And if not, what did he mean?

There is absolutely no possibility of preventing price rises if increased pay claims are met, *under present accounting procedures*. All costs go into prices, and total wages are far greater than total profits. To talk of "voluntary restraint" is mere empty mouthing, for the demand for an improving standard of living is quite correctly based on an intuitive perception that the physical basis for it exists. So that Mr. Carr's warning is better put in the form: "Unless the accountancy system governing wages and prices is rectified to ensure a continuous improvement in purchasing power to reflect the potentialities of industrial productive *capacity*, disaster, both economic and physical, is certain."

Now, the real trouble is that the problem is not primarily an economic one at all; it is a political one. As *The Times* remarked recently of the British, "We are not our own masters". This means, of course, that *any* British government is not the arbiter of the policy it follows. *The Times* even names the real master: the International Monetary Fund. So the situation is that the British Government is under duress to continue a policy which, as Mr. Carr quite well sees, *must* lead to disaster. So there really is nothing else for it but to defy duress and change the policy.

The solution to the economic problem is, in principle, simple: internal financing should be separated from external financial transactions so that, for example, a 'run on sterling' would not affect the internal economy. Efforts should be made to renegotiate international debts, which in fact have their origin in war debts in wars which Britain won, but was forced to pay for. The I.M.F. does not really want the repayment of debt; money paid would be set against debts, and cancelled out of existence. What it does want is control over British policy, and that fact should be given maximum publicity. For how is it that Germany and Japan, the 'losers' of the war, are two of the most prosperous nations?

British internal financing should be based on British industrial *capacity*, along the lines proposed in the Draft Proposals for the Republic of South Africa, published in this journal on 11 July and 25 July, 1970. To the extent that it is necessary to repay overseas debt (which in the last resort can only be done by exporting goods and services), what can suitably be exported should be sold at cut prices, the apparent monetary loss being compensated by subsidy from the National Resources account.

Lower taxation and a falling cost of living, combined with a proper explanation of the new policy and the reasons for its adoption, together with an appeal to patriotism in a situation which in actuality is essentially a military one ("War is the continuation of policy by other means" — Clausewitz) would probably restore British morale just as the threat of German conquest did.

This article is not put forward as a panacea, but as a, probably final, attempt to inject some realism into the conduct of British affairs. The condition of the British people has, on the whole, worsened under every government since the First World War; and in relation to the possibilities over that period of time, almost immeasurably worsened. The reason, of course, is that every government has pursued substantially the same policy. It has brought the British to the point where economic breakdown, anarchy, and finally revolution (which of course would be supported by the Soviets: that is the point of Marx-Lenin-Stalin-Brezhnevism) is a probability well within the normal life-time of the present Parliament. It is already apparent that the Heath Administration is realising that it is not going to be able to fulfil the expectations of the electorate, and that it is having to hedge on its promises. If that realisation could proceed to the point of comprehending that only a completely radical change of policy can avert the disaster Mr. Carr foresees, a disaster which would mean the stone end of the Conservative Party, and probably the eclipse of the British *as a nation*, perhaps its virtual destruction, there may be a glimpse of hope. This century has already seen mass deportations and exterminations. These were not due to the human nature of the Common Man, but to the power of organisation which could fling masses into conflict — a process intended to culminate in the final emergence of a single World Government and the elimination of national sovereignties — the death of nationhood. Some idealists think this is a good thing, but such catastrophic means can only end in ultimate Evil. And already that end is visible. It looms in the Middle East, and in the increasing war against Southern Africa, and in the renewed German-Soviet Pact.

If the Heath Administration ignores this warning, then it will be because "*Quem deus vult perdere, prius dementat*".

AN INTRODUCTION TO SOCIAL CREDIT

by BRYAN W. MONAHAN

A New Revised Edition

The present increasing and dangerous plight of the whole world, despite the advances continuously being made in science and the technique of power-production, is forcing more and more people to an examination of the foundations of civilisation and the origin of our trouble. This little book was written originally to relate the later to the earlier phases of the doctrine first enunciated by the late Major C. H. Douglas fifty years ago, and developed by him over thirty years. The first edition has continued to serve its original purpose, but in this edition the opportunity has been taken to revise the text in the light of rapid developments of the past twenty years in which events have brought out the significance of policies; and to incorporate some information which has become available in that period. A glance through the index will be sufficient to reveal how much more than a matter of monetary systems is involved. Social Credit is a *policy*, and the only policy extant which offers citizens freedom in security and the practical means to keep government in its proper place. It is the exact antithesis of totalitarianism.

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