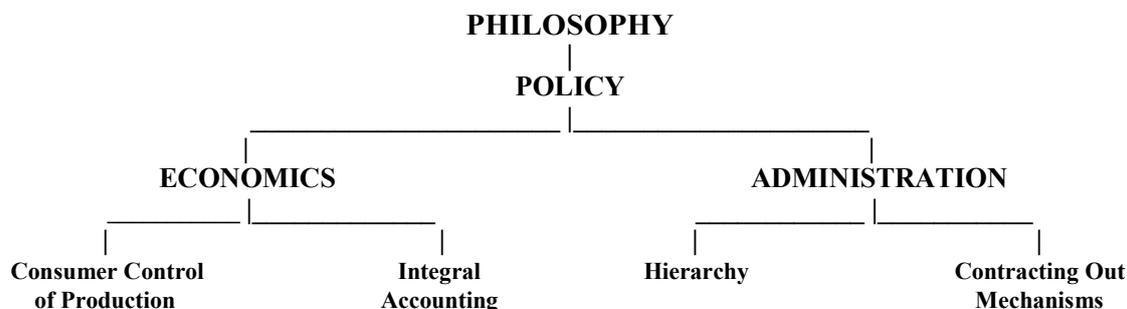


## What Is Social Credit?

Victor Bridger

*This specification was drawn up by C. H. Douglas as one of his last public activities to counteract the tendency of the social Credit Movement, as of all movements which have a philosophical base, to develop perspective disproportionately:*

Social Credit assumes that society is primarily metaphysical, and must have regard to the organic relationships of its prototype.



OBJECTIVE: Social Stability by the integration of means and ends.

INCOMPATIBLES: Collectivism, Dialectic, Materialism, Totalitarianism, Judæo-Masonic Philosophy and Policy.

Ballot-box democracy embodies all of these.

C. H. Douglas  
February, 1951.

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## What is Social Credit?

As I conceive it, Social Credit covers and comprehends a great deal more than the money problem. Important as that is, primarily important because it is a question of priority, Social Credit fundamentally involves a conception, I feel a true conception – but you must enlarge upon that for yourselves – of the relationships between individuals and their association in countries and nations, between individuals and their association in groups. (*The Approach to Reality* – C. H. Douglas.)

These words of C. H. Douglas, as he said, "involve a conception", and it is that conception that is so often overlooked by both those who know nothing or little about Social Credit as well as those who proclaim to be Social Creditors. It is for this reason that we will deal with aspects of Social Credit as defined in his Specification with further explanations.

There are two main headings under which Social Credit principles may be dealt. The first relates to Philosophy and the second is Policy.

It is important to understand that the Philosophy comes first and is the guiding force, which activates the Policy. For decades the writer has been asked a simple question – to explain Social Credit, briefly, in a few words, in a more comprehensible manner than contained in the writings of Douglas. Although understanding may be difficult for some, who have entrenched ideas or beliefs and who are not willing to accept changes in their thinking, it is for others a matter of laziness. They do not wish to spend their time in learning or trying to understand. Yet these very same people will spend endless hours writing to newspapers, attend demonstrations, attend meetings, support political parties blindly, and complain to their friends, neighbours or relatives about current affairs that affect their daily lives. All of this is just so much wastage of energy, time and in many cases money. It is simply wasted action.

## Philosophy

The Philosophy of Social Credit is very simple. It is based upon what Douglas referred to as a perception of reality. It is the acceptance of those things that are governed by natural law and which have been described as practical Christianity.

This is not to be mistaken as a theological perception bound up in some religious faith, although it is necessary to have a faith, but that is an entirely separate issue.

Many people have in the past mistaken Social Credit as a religious organisation and yet it is religious in the correct etymology of the word religion. The correct meaning of religion is "re", back or again, and "ligio", to bind. Social Credit Philosophy and Policy are a means to bind back to reality. It is used in Social Credit as the binding back of action or of policy, *i.e.*, Social Credit Policy to Reality. It is entirely necessary to have faith in what one believes, but that is, by itself, not consistent with Social Credit philosophy. Faith without works is death. If one believes in something, and that something is important, then it follows that some action must be taken (the implementation of a policy) to bring it into being.

L. D. Byrne in his *Faith, Power and Action* expressed the issue very clearly when he wrote:

There can be no consciousness of Reality for any of us except the 'here and now'. What is happening to us – our experiences – here and now seems vividly real.... The only consciousness of Reality for each of us is what we are actually experiencing in the present – in the 'here and now'.

We experience poverty, a drug problem, violence and aggression which is ever increasing, increasing debt that forces people to require a two-person income for a family, lack of health facilities, lack of decent education, and increasing centralisation of power through finance and so on.

Douglas wrote of the Canon, that something which although difficult to define, is recognised by everyone when confronted by it: The Reality expressed in terms of that which is right. Does the soup taste "right"? – add a little salt. Is the cake mixture "right"? – add a little something to obtain the texture required; every cook experiences it. Is the painting "right"? – add another stroke or another tone of colour; every artist knows it. Is the symphony played by the orchestra "right?" – the conductor knows it.

This leads us to the notion of sufficiency and whilst it is important to understand, it is beyond the scope of this elementary introduction to introduce. It merely requires the reader to understand that sufficiency is a method of precise measurement. When there is a sufficiency of elements acting in association there is an instantaneous effective result. That is to say, when there is enough. Enough of what?

How much is enough production? How much is enough consumption? How much is enough money? When there is enough to obtain the desired result.

How and when do we know this? After the result is obtained.

## The Right Action

In *The Social Crediter* August 3, 1946, Douglas provided an example of what is meant by taking action. There is little to be gained by quoting from the Bible to explain what is right or wrong and what should be done because it is written there. It is the *doing* that is required. Christian principles provide the yardstick or the standard to be achieved; they are nothing without their application. It is of similar character to those who use the words "Social Credit" as though they were the magic words that when uttered, all would be well. Douglas writes of a call by Earl of Darnley in the House of Lords for people to replace Power Politics by the Christian Ethic:

Where it may be asked, is there any problem in that, other than one of wholesale conversion? Let

us, in order to elucidate the difficulty, compare Christianity to the theory of Thermo-Dynamics, and assume, for the purposes of the argument, that all the essentials of that theory were widely known two thousand years ago. It is not difficult to imagine that those who grasped the implications of it might say "Here is the key to a better society. Here is the title deed to a leisure world. Disregard all else, and apply thermo-dynamics". Remember that we are assuming that James Watt was still to be born. And the world at large would have said "This man says the magic word is Thermo-Dynamics. Crucify him."

Now the fact, which ought to be patent to anyone, is that it is the Policy of a Philosophy which is important (because it is the *evidence* of things not seen) and that Thermo-Dynamics means nothing without Heat Engines, and Christianity means nothing without the Incarnation. You cannot drive a dynamo with Boyle's Law, or the "Queen Elizabeth" with Joule's Equivalent. This country is not now the Policy of a Christian Philosophy, and before it can again, as an organisation, put into practice those Christian principles, for which Lord Darnley pleads, it must understand their application through proper mechanisms....

Similarly, it requires more than the reading of a cookbook to become a cook. It requires more than just reading about the rules of cricket to become a cricketer. It requires more than the theoretical study of music to become a musician. They all require practice "at the nets".

In all spheres of life we know what is right and what is wrong and in most cases we know what to do to obtain the result we want. However it is not always possible to do what should be done because there is something or someone who places obstructions in our path. Added to the difficulties presented by obstructionists, is the general decline in the standards that have been set to determine the correct action between man and his fellows, as well as between man the individual and the group.

There is no apology for Social Credit in accepting the Christian principle that the individual is the most important factor in organised society. The individual soul is more important than a non-existent group soul. It is not surprising therefore that attention is directed towards the individual who associates with others to form a society. The individual is real; society is an abstraction. You can feel, see or hear an individual, but you cannot touch or hear a society. Individuals come together in association (society) to gain some benefit. This benefit may be in the form of protection, or obtaining an increment of association, *i.e.*, achieving something that could not be done singly. Or, it may be reaping the benefit of the cultural inheritance, that is, the knowledge and things that have been handed down from past generations of how to make tools and how to use them and how to increase their usefulness.

## The Individual And The Group

It is this relationship between individuals and groups to which Douglas refers as being a priority. Unless it is recognised that the individual is more important than the group, which has been formed by individuals, no action will be successful. Irrespective of how correct or "right" a policy may be, it is doomed to failure unless it is understood exactly as Douglas was saying when he wrote in *Economic Democracy*:

Systems were made for men, and not men for systems, and the interest of man which is self-development, is above all systems, whether theological, political or economic.

Note carefully that the systems he referred to covered all of those systems that have been formed by Man, and if formed by Man, Man can alter them. He went further in his explanation of that statement by saying:

Accepting this statement as a basis of constructive effort, it seems clear that all forms, whether of government, industry or society must exist contingently to the furtherance of the principles contained in it. If a State system can be shown to be inimical to them – it must go; if social customs hamper their continuous expansion – they must be modified; if unbridled industrialism checks their growth, then industrialism must be reined in. That is to say, we must build up from the Individual, not down from the State.

The concentration on policy, or certain aspects of it, particularly relating to finance, by many who believe they are supportive of Social Credit has probably done more harm than good. They certainly have not succeeded in making the slightest dent in the financial system that continues to become more centralised with increasing control over peoples' lives. Apart from this is the reality that no one wants to live in poverty, no one wants the drug problem, no one wants wars, no one wants to live in economic insecurity with the threat of losing their job, no one wants political insecurity such as in some of the underdeveloped countries, no one wants to be forever in debt let alone having it increasing, no one wants to lose their homes, their farms *etc.* Then, why do they allow these things?

The failure to understand what is happening is reflected in the inability to understand what Douglas was saying when he wrote in *The Social Crediter*, February 9, 1946:

If a man, presently at Crewe, says he wishes to go to London, and then insists on entering a carriage labelled Wigan, you will probably be tempted to call him, "incompetent", "inefficient". But you may be quite wrong. The man may really have intended to go to Wigan, and have told you he was going in the other direction, to avoid argument as to the relative attractions of Wigan and London. When, therefore, you notice that affairs in this country are getting steadily worse; that badly as they were managed after 1918, they are incomparably worse managed *from your point of view* now, it is not wise to assume that your affairs have been handed over to a collection of nitwits, because if you have any experience of affairs you will have learnt that Cabinet posts at £5,000 per annum [approx. \$10,000 in 1946, was roughly equivalent to \$200,000 on today's salary] do not come into the grasps of nitwits. The qualities, which got them there may not be – almost certainly not – the qualities, you consider suitable to their position. But you must remember that you did not put them where they are, although perhaps you think you did.

Taking their key words, 'Full Employment', 'Austerity' (austerity was the key word during the war, today it is 'saving' because we are allegedly living beyond our means and living on borrowings from overseas) and 'Unlimited Exports', as signposts, it is really not difficult to see why the train is going to Wigan (a hellish coal-town) when you suppose that everyone wants to go to London. And Wigan? Wigan is merely Big Business as Government.

Who is responsible for putting the Multilateral Agreement on the agenda? Who is responsible for putting the Fifth protocol on the agenda? Who is responsible for putting the GST on the agenda?

## Power And Freedom

Whose power and whose freedom?

In *Triumph of the Past* Michael Lane writes an excellent article titled "Power and Freedom". On the question of "Wigan" he says:

If we don't like where we are going, why are we going there? Britain had been moving steadily toward more centralized power for fifty years. Both the consistency of the facts over time in Britain and parallel facts in otherwise unlike countries (Germany, Russia, the United States) led Douglas to infer the existence of a Promoter. That is, if for centuries we never went to Wigan and never had the least interest in going to Wigan, then all of a sudden [when] not only are we going there but we have no choice in the matter, it is reasonable to infer that *someone* wants to go to Wigan.

War is a puzzle just like Wigan.

As Douglas said:

I suppose that about two thousand millions of individuals are affected by the present war. I should place the number of individuals who would be quite unable to say with approximate accuracy that it is about at roughly nineteen hundred and ninety nine millions, so that we are left with this simple alternative. Either the total population of the world likes war without knowing what it is about; in which case it is obviously absurd to do anything to abolish it, or, on the other

hand, we can find the causes of war if we examine the actions of a minority hidden amongst less than a million individuals. (*Programme for the Third World War*, p. 32).

If people associate to obtain benefits that they could not achieve on their own, why do they allow *someone* to deny them? There is nothing to be gained in treating the symptom instead of attacking the cause. There is nothing to be gained to complain about the effects without discovering the cause. There is nothing to be gained by spending time and money on matters such as monetary reform or altering the financial system unless there is a guarantee that such a policy will reflect the philosophy of providing economic and political security.

## Recognizing The Problem

At the risk of being repetitive, this has been stated very clearly by Douglas in *The Social Creditor*, February 7, 1948:

It must be recognised that the practical problem which we have to face is not intellectual, it is militant. Mere conversion to an understanding of the A + B Theorem, the creation of credit by the banks, the foreign Acceptance swindle, and the whole network of International Finance by *itself*, leads nowhere. Probably ninety *per cent* of the adult population of this country suspect that they are being swindled. Even *if* they understood exactly and technically *how* they are being swindled, it would make little difference. But it does make a great deal *of* difference *if* they know *who* is obstructing the rectification of the swindle, and who is the major beneficiary. The general population of the country has been completely misled as to the identity of its enemies, and has turned on its most effective leaders, who were far from perfect, but were incomparably better than the mixture of Trades Union careerists and alien schemers who now afflict us. Witness the state of the country, and the worse future with which we are threatened. For all these reasons and others, we conceive it to be our vocation to indicate, without prejudice but without favour, those whom we conceive to be the enemies of our culture and ideals; to unmask their aims.

Douglas never failed to continue stressing the importance of the individual against the group ideal. Nor did he lack the courage to point the finger at those whom he considered were the instigators of programmes or policies that were not in the best interest of the individuals in society. It was to be expected that this would attract an attack upon him and Social Credit because those in opposition to the philosophy and policy of Social Credit were not prepared to face the truth. Opposition could be found in personal attacks involving his ideas, his literary style as well as his personal stature and appearance. Most if not all attacks on his works were based on false presentations of his statements and incorrect quoting.

In *The Social Creditor*, October 16, 1948, he again reiterated his conviction relating to priorities:

There is a certain body of opinion which is under the impression that we have abandoned the financial aspect of Social Credit. In this connection, we are reminded of a pungent criticism made some years ago, that the great disadvantage under which the Social Credit movement then laboured, was that it was largely composed of Socialists who wanted nationalisation of banking.

People who hold this type of opinion have not taken the trouble to grasp the fundamental subject matter with which we have always been concerned, which is the relationship of the individual to the group. Thirty years ago, that relationship was predominantly a financial relationship. Quite largely through the exertions of the Socialists, strongly assisted by the highest powers of International Finance, the Central Banks have become practically impregnable, and the sanctions, which they exert, have shifted from the bank balance to the Order-in-Council.

It ought to be, but unfortunately it is not, apparent to everyone who takes an intelligent interest in these matters that the fundamental problem has been greatly complicated by the developments of the past twenty years; and that the immediate issue is in the realm of Law and military power, not of book-keeping. That does not mean in the least that book-keeping is one penny the less important than it was when we directed attention to it; but it does mean that it is the second trench to be taken, not the first. For that, we have to thank in great part, the "obsession" with nationalised banking.

Today we do not have the emphasis placed on nationalising of the banks, but rather the need to take the monopoly of credit/money creation from the banks and hand it to the government. This would result in a handing control from one source to another without any change in policy and would lead to even greater disaster and control. After all, it is the government that allows the banks the latitude they have today whilst pretending to promote greater competition. The deregulation and all of its wondrous consequences are still to be realised as of benefit to the individual in our society. Yet it has allowed for greater profits and reduced services, increased charges, etc.

## The Essence Of Control

In the 1999 May/June issue of *The Australasian Social Credit Journal* we drew attention to the increasing use of "consumerism" as a means of control, because that "consumerism" is based on increasing debt. To put it another way, the emphasis on consumerism is an increase in the acceptance of materialism in contradiction to what may be referred to as an increase in the quality of life. People have been blindly and willingly led into an acceptance of those things, which they mistakenly believe, are signs of prosperity much the same way as one could expect of well-fed slaves. The individual in society has accepted the need to work longer hours and the need for a two-income household. We say individual because that is the reality. It is not society that has dictated the rules. It is that *someone* or a collection of them who have dictated the terms and it is the individual collectively in society who have accepted these terms.

In *Programme for the Third World War*, Douglas wrote:

Now, once you have surrendered to materialism, it is quite true that economics precedes politics, and dominates. It is not in Bolshevism, Fascism, the New Deal and P.E.P or the London School of Economics Fabian Society that we shall find the origins of what we are looking for. These are ostensibly political systems and derive from, rather than give birth to, economics. While this is obvious and axiomatic, it is not so obvious, although equally axiomatic that the principle works both ways. That is as much as to say, 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.

No one would seriously argue that at the present time the "business of getting a living is the dominant factor of life". How did this situation arise? Who is responsible for the economic conditions that prevail that forces farmers off farms, or create the necessity for "downsizing", or to put it very simply removing the means of obtaining a living by reducing employment? We are not here arguing for the necessity of employment but rather about the control that is exercised through the reality that under our existing economic and financial system, employment is the only means available to the masses to obtain money that is required for living.

We have politicians continually boasting how many jobs have been created, which are in the main, only part time or casual jobs. We have politicians continually calling for the creation of new jobs. Yet, not one politician has declared the necessity to accept technological advancements or increases in productivity and have the benefits passed to those who have been sacked, fired from their jobs or "downsized" to use the euphemism. Emphasis is on the need to work for the "dole" which is a means to have the community divided against itself because of the fiction that it is the "employed" who are paying taxes who are keeping others on the dole. It is a very neat philosophical approach to "kill two birds with the one stone" as the saying goes. On the one hand the unemployed have no option but to accept the handouts and the conditions that go with them. On the other hand the employed are continuing their efforts to maintain the business of getting a living and paying their taxes, which is an added penalty, and which places further constraints on their ability to live.

## The Interweaving Of Philosophy And Policy

The philosophy and policy of Social Credit are interwoven to the extent that it is often necessary to cross the bounds of one when discussing implications related to the other. As a Policy of a Philosophy, Social Credit postulates practical policy approaches to obtaining the goals that when achieved will be an incarnation of the philosophy. That is to say that the questions relating to employment, money, the provision of economic security backed up by an administration of affairs by a political system that supports the individual before the group is a policy governed by a particular philosophy. The philosophy stresses the importance of the individual above all questions of groups, institutions, governments or any other type of organisation in society.

The introduction of policy items in discussions on philosophy are in themselves simply an explanation of a situation to highlight the subtle way in which philosophies and policies other than Social Credit, can have an effect on individuals in society.

The use, or misuse of words, has a direct bearing in this context because they are so readily accepted by so many without questioning as to what is meant exactly. One such word is Democracy. Another word used indiscriminately is Sovereignty. In the field of economics the use of words in the language spoken by a particular group take on a completely different meaning than that understood normally by the population. Two examples are "cost" and "price". There are others.

### Where Is Economic Sovereignty Located?

Douglas was quite explicit and correct when making observations on the significance of Sovereignty and its relation to the money question. If we pass the discussion on the origins of money to the point where "currency was issued by the *owner of the wealth*", it is at once axiomatic that economic sovereignty resided with the owner of the wealth. Wealth in this context refers to a physical asset such as an animal, *e.g.*, cattle, or goats.

The following extract from *The Brief for the Prosecution* is not a treatise on money or finance but a constructive approach to the question of Sovereignty. It is of enormous importance to the understanding of the underlying philosophy that what Douglas is saying is not so much about the changes in the money system but the ultimate effect and the consequences relating to the establishment of controls over individuals and their "getting a living":

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

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

.... The currency was issued by the *owner of the wealth*. To the extent that his ownership was absolute, economic sovereignty resided in him.

The next stage was the accompaniment of war and social insecurity. Wealth was deposited with goldsmiths for safe-keeping, and their receipt became currency. The issue of currency thus

passed from the owner of wealth to the *custodian* of wealth. It is easy to prove that the goldsmith's receipt, which was often a fraudulent receipt, is the prototype of the bank note. Sovereignty largely passed to the goldsmith bankers, who "created the means of payment out of nothing." Finally currency and cheques on drawable deposits became simply bankers' credit, which was not owned by either the owner of real wealth, *per se*, or the producer of wealth. This is quite easy to prove by an inspection of any balance sheet, in which it will be found that "real" items and monetary balances are to be found on the same side, and both are *assets*. This would imply that someone, somewhere, actually owes to the possessor of money, a "real" asset corresponding to the money, and that this individual shows this property in his accounts as a *liability*. There is nothing in the facts or accounts of the business system to confirm this conclusion, but there is much to suggest that bankers have a concealed lien on nearly all property.

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

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

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

That is to say, every rise in price, whether direct, or in accompanying taxation, is a transfer of economic sovereignty from the individual to a centralised Sovereign. And the imposition of any condition of law on the free purchase of any article is a similar transfer.

It will be noticed that managed currency systems ostensibly intended to keep price levels constant are incompatible with economic decentralisation. Managed currencies are controlled currencies and require a controller. The essential requirement of a free economy is radically different. In such an economy the proper function of money is to reflect facts, not policy.

## Money As An Instrument Of Policy

This is a clear indication by Douglas that the money system is being used as a tool of Policy and as such is in direct contrast with Social Credit policy. It is therefore as clear as night follows day that this policy must be governed by a philosophy which also is in direct conflict with Social Credit philosophy.

It is in this grey area between philosophy and policy that many, including those who would genuinely support the philosophy of Social Credit, become confused. They place the emphasis on the priority of correcting the financial system above that of recognising the objective. This objective is contained in the philosophy concerning the relationship between individuals in association, and recognition of the cultural inheritance and the increment of association as being part of the right of every individual. These are above that of the group; the institution;

the organisation; and all of those abstractions such as the Nation, the People, or Society.

## Policy

As shown in Douglas's Specification, the policy of Social Credit is divided into two groupings and each of these is further divided into two groupings.

### Economics

Under the heading of economics is the subject of Consumer Control of Production. This does not mean that consumers should have control over factories or industries in the sense that they should own them and therefore have a direct input into how they should run. This is the business of the producer. Douglas put this into perspective when he wrote in *The Social Creditor*, November 16, 1946:

Ignoring the use of the word as a street-corner term of abuse, 'Fascism' is a symbolic name for corporate action, and its nearest ideological equivalent is Guild socialism, or the Corporate state. If you once admit the premise of producer control of the State, the fundamental premise of all socialism masquerading under its opposite, State control of production, there is little doubt that Fascism is much superior to Russian Socialism. As in nearly everything nowadays, however, it is the premise, not the logic, which is vicious.

Consumer control of production is the only possible basis of freedom; and no method of obtaining consumer control has ever been tried with success which did not ban state control of money and credit and include decentralised individual credit power.

Douglas had previously commented on the question of money in *The Social Creditor*, February 17, 1945 when he wrote:

What we appear to have forgotten is that the money system exercised the most perfect control by the individual over institutions which has ever been devised. It was a voting system besides which political franchises are the crude devices of barbarous savagery. By allowing the essential nature of the money system to be perverted and distorted by coupons and licences to buy and so forth, we are throwing the perfect mechanism of our salvation. All these facts are clearly known to our plotters and planners; that is why they are in so great a hurry to supplant, rather than to perfect the money system, by administrative control.

In a later edition of *The Social Creditor*, April 22, 1950, in what may be considered as a prophecy because of current developments with the effects of Globalisation, he wrote:

There are three economic systems. The first is genuine Capitalism; the second genuine Socialism; the third Monopoly.

In the first, the producer meets the wishes of the consumer or goes out of business; in the second, the producer takes his orders from an omnipotent bureaucracy, and the consumer takes what is allowed to him; in the third, the producer serves the policy of a small omnipotent clique.

All three are still in operation; but the third is for the moment eliminating the other two.

There is no necessity at this stage to outline the details of the increase in the control of Big Business in the form of Multinational and Transnational corporations. There have been numerous books written on the subjects of Globalisation, Multilateral Agreements, mounting debt on a personal level, and in the poorer countries of the world.

Each and every one of these books are only confirmation of what Douglas had warned about in the ever-increasing control of finance and communications that is evident today. Solutions to the problem facing people as consumers have not been forthcoming because any proposals that have been suggested are based on incorrect premises as Douglas pointed out. It is the falsity of these premises, which are dangerous and not the logic that follows.

One of the premises that Social Crediters continually expose is the cry for "Full Employment".

This is a subject in itself, and it only requires a simple statement based on reality to reveal the viciousness to which Douglas refers.

"Employment" is a means to an end and to substitute a means for an end is a pernicious attempt to distort the truth and reality. However it does provide its propagators, against a background of ignorance by the general population on the question, an alleged justification for promoting schemes for job creation, job training schemes, work for the dole, *etc.* All of these promotions are designed ultimately to continue the extension of control over the individual. Employment is a means and money is a means, neither are ends in themselves.

Another false premise that is advocated continuously is the need for continuing growth in exports.

The purely economic aspect of Social Credit is really quite elementary, and rests on the fundamental proposition that industrial output is proportional to applied energy and the availability of raw materials. (*The Social Crediter*, Nov. 11, 1969).

It can be seen from this statement that money does not constitute a component of basic economics and yet it is expounded as a fundamental necessity to obtain the benefits of economic activity. The fundamental function of money is its use as a claim on production and potential production. Money, used as a means of control through the requirement for employment, as a means for its attainment, is in the realm of politics, and politics is concerned with channeling those claims.

For consumer control of production it is necessary for consumers to be able to exert an effective demand in the market place. It is not an effective demand to have people limited in their choices based upon what is placed before them. Such a demand is based upon limitations of purchasing power. Individuals should be able to choose or refuse to purchase undesirable goods based upon the effectiveness of their available purchasing power.

Restrictions on the availability of purchasing power not only reduce effective demand but also are a means of control over the individual.

Douglas emphasised that the basis of freedom is economic and also that political democracy without economic democracy is "dynamite". The destruction of economic democracy, and the permanent enthronement of a system of rewards and punishments masquerading as Full Employment, is precisely the objective of political ballot-box democracy.

## Integral Accounting

Essential to any understanding of proposals for the necessary changes to the financial accounting system is acknowledgement of a basic fundamental: *The standard of living for the individual is governed by the ratio of consumer goods production to capital goods production.*

Douglas had analysed the economic system and drew attention to what was considered to be a major flaw. It was this flaw that provided the basis for his A + B Theorem.

Now in this regard it must be stressed that a Theorem is a proposition or statement of fact, which is a truth to be established by reason of accepted truths. It is not a theory as claimed by many misinformed and the truth by which the Theorem can be proved as a true statement is evidenced by subsequent events. It can be proved by other accepted facts but the conclusion of the Theorem itself vindicates the body of the statement.

It is not necessary to go into detail and explanation of the A + B Theorem here as there is ample literature on the matter. The only essential comment that is necessary is to draw attention to the concluding sentence:

Since A will not purchase A plus B, a proportion of the *product* (our emphasis) at least equivalent to B must be **distributed by a form of purchasing power which is not comprised in the description under A.** (our emphasis).

Douglas emphasised on many occasions that the flaw that existed was that the generation of prices was greater than the generation of purchasing power distributed as wages, salaries and dividends *in any given period*.

Not only opponents of his contention but also many who believed they were supportive mistakenly believed that he was saying that there was always a shortage of purchasing power. This is not correct. The shortage of purchasing power was overcome by money distributed at a later stage in the production of capital goods.

Douglas had offered two ways of overcoming the problem: (1) by means of providing a National Dividend and (2) by the simultaneous introduction of a Compensated Price system.

An article in *The Social Creditor*, Nov. 28, 1970 explains this very clearly.

In its expanded (in the mathematical sense) form the A + B theorem states: in order to ensure the distribution of a given quantity of consumers' goods, it is necessary under present conditions to *accelerate* the production of capital goods. The recognition of this by J. M. Keynes and its dressing-up in elaborate economic jargon brought about the virtual slaughter of the Social Credit idea, for he showed how to maintain the *centralisation* of credit control, whereas the Social Credit idea was the *distribution* of credit, thereby achieving *economic* democracy, a far more important concept *to the individual* than *political* democracy, which in its ballot-box form is a well-nigh perfect smoke-screen for autocracy.

Its essence lay in the need ... for accelerating capital production – production which distributed incomes, but which did not come on to the consumer market (production for export comes into this category).

Every expansion of industrial capacity increases the "B" element in prices – *i.e.*, the element representing payments made to individuals at some indefinite period in the past, and for the most part *spent at that time*, but accounted *forward* into the price of an article when it reaches the *consumer* market. This is the fundamental cause of "cost-inflation".... This natural increase in prices leads to demands for higher wages, which in the aggregate ... necessarily leads to "wage-cost" inflation.

Inflation, thus, is a built-in feature of the economy. Its rate of increase can be slowed by a genuine increase in productivity; but this is inhibited by high taxation imposed, it is said, to 'curb' inflation.

There are other ways to curb inflation. One is to allow cheap imports from low wage countries and thus force local industries out of business and thus increase unemployment and once again maintain control with a two edged sword.

That source of purchasing power made available from a source other than wages, salaries and dividends described as A (the original payment in the commencement of the aggregation of what will eventually become the Price), is the distribution through capital production (buildings, machinery *etc.*). It is important to note that in the main this new purchasing power is through bank lending. This lending may be, and in most cases, is for capital production, and therefore an increase in debt, which can only be repaid after the final product is sold. When it is for the purpose of new capital buildings, which do not come on to the consumer market, it is an inflation of the currency. Where Plant and Machinery are concerned, although they are purchased, not on the consumer market, and used in further production it is an extension of the problem, exacerbated by the inclusion of Depreciation (the writing off of the cost into future prices). Secondly, and of increasing importance, is direct bank lending to consumers in the form of bank-card. There is sufficient evidence to verify Douglas's conclusions that a form of purchasing power "at least equivalent to B (payments made to other organisations for raw materials, bank charges, and other external costs)" must be distributed to meet total prices.

This fact was obviously lost on economists as revealed in the caustic comment by a Professor Hart in his *Money, Debt, and Economic Activity*, first published in 1953 by Prentice-Hall, Inc. in a section devoted to what he refers to as "Monetary Panacea". After completely misquoting the A + B Theorem and adding his comment as to what Douglas suggested, which was completely untrue, he said:

"The A plus B Theorem is a silly way to compare costs and markets [which it does not – Ed.] .... The Theorem proves too much. On the average, for the firms in an industrial economy the A's are only a fraction of total costs [which is perfectly true – Ed.] Only a fraction of a year's output, therefore, could be sold. At this rate, the economic machine must have become completely jammed long ago, with all output stopped – but how did we fail to notice it?"

Of course it did not become jammed because of the new money provided by the banking system for capital production and in later years in addition, by lending directly to consumers. But then Professor Hart was not to know that events would prove Douglas correct as, was the case with all of his other critics.

Douglas's observations on economics and its use for control include some of the following comments:

The simple test to be applied to all legislation at this time, from the point of view of those whose policy we endeavour to express, is "Does it centralise power, or does it free the individual?" And the explanation is in essence both simple and incontrovertible – instead of being self-contained units we are, more and more, becoming components of a function masquerading as 'economics', but accurately described as "full employment". Five minutes' consideration will convince anyone not mentally infirm that a *policy* of full employment means, and can only mean, direction of labour. Combine that with egalitarianism, and you have the slave state – you cannot have anything else. (*The Social Creditor*, March 13, 1948.)

The essence of civilisation is *free contract under duress*. To suppose that you can have a contractual system which does not provide duress after contract is to adopt the social system of 'unauthorised strikers'.... Either the contractual is inherent in the nature of things and should be clearly recognised and upheld, or unilateral totalitarianism is better, and should be proclaimed. The essence of the National Dividend proposals of Social Credit technique is to provide for *free negotiation without duress, not contract without penalty*. (*The Social Creditor*, July 24, 1948.)

The technique of Social Credit Proposals for the establishment of the National Dividend and the Compensated Price mechanism requires an alteration to the financial accounting system. The steps that need to be taken are first to gain acceptance that there is a flaw in the accounting system. The second is to break the monopoly of credit/money creation and the third is the implementation of the policy to distribute the National Dividend and at the same time introduce the Compensated Price to counter any tendency to inflation. There are other things that would require attention but these are procedural matters.

## Administration

In any administrative process, that is, in an organisation designed to carry out a function, there must be chain of command to ensure that the policy to be effected must be implemented in the most efficient manner. Efficient in this sense means the ability to produce an intended result.

At the same time there must be a mechanism to ensure that those who are elected to provide results, do so. Under the heading of the Individual and the Group it was explained that Policy must come from the bottom up, not the top down. However, this does not refer to Administration, which must be hierarchical.

## Hierarchy

With regard to the antithesis or contrast between the implementation of Policy and Administration, probably the best example is provided by Dr. Bryan W. Monahan in his *Introduction to Social Credit*, written originally in 1947 and revised and enlarged in 1967:

The antithetical possibilities in regard to each of these are that control may be centralised, or decentralised; and consequently, the combinations offer four possibilities:

1. Centralised control of policy and centralised control of administration.
2. Centralised control of policy, and decentralised control of administration.
3. Decentralised control of policy, and centralised control of administration.
4. Decentralised control of both policy and administration.

Let us examine these possibilities in relation to a cricket club. In the first example, we have the club organised so that there is an authority at the top, which exercises control through various administrative grades of authority. That is to say, authority is hierarchical. This is, of course, the familiar form of administrative organisation; it is found, in fact, wherever there is efficient administration. But in the case we are examining, a centralised hierarchy also controls policy; it decides what objectives the club shall follow. Thus an authority, say a board, or the President, may say that the club shall play twenty cricket matches, fifteen of them against one team, and five in Timbuktu. The wishes of the members have no part in this decision. It is taken "for" their good in the opinion of the authority.

It will be noted that in order that this decision should be effective, the authority controlling policy must also control the administration. The whole organisation is completely centralised in respect of policy and administration. But one further point must be noted: the individual members of the club must not be able to contract-out if they do not like the policy dictated by the authority, since otherwise there would be the danger that the policy could not be carried through, for want of personnel.

Now this is the system in operation in Russia, the system called "totalitarian". Decisions of policy are made either by Stalin, or that very small group known as the Politbureau; and the whole of the administrative apparatus is centralised under the control of the same group, and the sanctions, which enforce the decisions, are controlled from the same centre. There is no contracting out; orders must be obeyed, and no one is free to leave the country.

It will be obvious that our second possibility, centralised control of policy, and decentralised control of administration, is merely a theoretical possibility. Decentralised control of administration means that anyone who likes, does anything he likes, so that there is no assurance that a given decision on policy will be carried into effect. In the cricket club, the decision to play a match against another club requires a programme of action, which in the very nature of things, must be arranged by a hierarchical authority – the committee, co-ordinated under the authority of the President. Similarly, it is perfectly evident that the Russian Politbureau's decisions could not possibly be effective unless a centralised administrative system, acting under orders, existed under the control of the Politbureau to carry the directives into effect.

This same requirement rules out the fourth theoretical possibility in the same way. In this case, indeed, the whole idea of organisation is missing.

The only practicable possibility besides the totalitarian system is, therefore, the third of the above possibilities: *decentralised control of policy, and centralised control of administration*. Thus we can arrive at a valid basic definition of democracy from first principles.

It does not follow from this that in a democratic system administration is fully centralised. Administration must be hierarchical and subject to direction from its apex, in respect of a given undertaking. But a democratic organisation may have several separate administrative hierarchies in respect of several undertakings. On the other hand, all administration is ultimately centralised in one system in the totalitarian organisation, because it is all subject to one over-riding direction on policy.

## **Contracting Out Mechanisms**

We revert back to our quote from Douglas concerning "*free negotiation without duress*". This supports the Social Credit philosophy of *Freedom of Association*.

In simple terms, individuals should be free to choose which pair of shoes he or she will buy. If

they do not like a product they can refuse to purchase it. If they are members of an organisation or club they should be free to leave if it does not meet their requirements. If they have elected an administration they should be free to contract out – or at least have a sanction to remove the committee and replace them with people who will produce the result they want.

In *The Big Idea*, Douglas defines this as a prerequisite to genuine democracy:

Genuine democracy can very nearly be defined as the right to atrophy a function by contracting out. It is essentially negative, although, contrary to the curious nonsense that is prevalent about "negativeness", is none the less essential for that reason.

This genuine democracy requires to be carefully distinguished from the idea that a game is necessarily a bad game simply because you can't or won't play it, and therefore the fact that you can't play it is the first recommendation for a chief part in changing the rules. On the contrary, that is an *a priori* disqualification. For this reason, if for no other, a period of discipline in the prevailing social and economic disciplines in say, the early twenties, seems highly pragmatically desirable. No play, no vote. Bad play, Grade 3 vote. But you needn't do either.

The power of contracting-out is the first and most deadly blow to the Supreme State.

Freedom of Association means exactly what it says. Individuals may choose whether or not to enter into association with each other. If the choice is to enter into a contract with another individual the contract should be acceptable to both parties, otherwise one or the other can refuse to enter into the contract. When both, agree to enter into a contract, they have also agreed to accept the conditions or penalties that may apply. It is a *contract under duress* where a penalty applies for voiding the contract. However, it is something entered into freely. A contract, which involves a weaker party, *e.g.* the individual against an organisation, and who is not free to refuse to enter, and who is compelled to accept the conditions that are imposed, is tyrannous, immoral, and a travesty of justice.

The introduction of new or extra taxation measures is an example. Compulsory National Superannuation is another, particularly when it is repeated under different names as has happened in Australia. When the right to contract-out is not available to individuals and there is a passive acceptance of the idea of universality manifested in language such as, "In the National Interest", "For the benefit of all", or "For the good of the Country", it is always the weaker party, the individual who pays the higher price in freedom.

Without a sanction available to individuals collectively in society there will continue to be further erosion of their freedoms. Many believe that a sanction is available in the use of the ballot-box, which there is not. Many believe in taking action on a prescribed issue, but unless that action is in association, and is cumulative in exposure and information, and unless it has a sanction to apply, it is not efficient, that is, able to produce an intended result.

The ballot-box mentality is a guise that is applied and used to declare that a mandate has been received. Changes in the rules of the game each time the game is played will eventually cause players to leave the game. With electors, who do not have a proper sanction, and who are unable to contract-out, it is much more serious and eventually leads to catastrophic events, such as civil disobedience, civil war or revolution.

## Objective

As stated in the Specification, the objective is Social Stability by the integration of means and ends. By applying a correct perception of reality and not substituting means for ends and applying a Policy to fulfill a Philosophy that encompasses the importance of the individual above the group, the Social Credit objective is made clear.

It is to provide economic security together with political security so that, "They shall sit every man under his vine and under his fig tree; and none shall make them afraid". (*Micah* iv., 4)

## Incompatibles

The items listed as incompatible with Social Credit are in direct contrast to the concept of the individual being more important than the group and have been dealt with. The Philosophy that produces the Policy resulting in so many catastrophic consequences around the world in the current century needs no further elucidation.

Ballot-box democracy embodies all of these components in one form or another.

The topic of "ballot-box democracy" is rarely discussed, probably because it has been for so long inculcated in the minds of people that it is a fair and honest way for people to choose those who they wish to manage their affairs. Some observations by Douglas are worth noting:

Five minutes' consideration of this subject, which is either pure moonshine or the most vital subject which affects us on earth, ought to convince anyone that a ballot-box democracy can only be advocated by two kinds of persons – the abysmally ignorant or the consciously traitorous. (*The Social Crediter*, June 4, 1949.)

A man who is ashamed or afraid to let it be known how he votes, is afraid to take responsibility for the consequences of his voting, and has no right to vote,

Commenting on a statement by General Sir William Slim who remarked "More than two thousand youths enter the Army each year who cannot even sign their name", Douglas said,

We aren't told how many who don't enter the Army each year can't sign their name. But they can all make a cross on a 'secret' ballot paper, even if they can't read the name of the candidate. So they just about cancel the votes of the few thousand whose opinion on political matters is worth attention.

And what about Nursing Homes and other similar institutions?

Under the heading "Secret Ballot", the following letter appeared in *Truth* (England), Dec. 13, 1946, and was later reprinted in *The Social Crediter*, July 15, 1967:

Sir, —Your correspondent, Mr. Clifford Rivington, appears to overlook a number of factors, many of them highly technical, which make it altogether too superficial to "agree that a genuinely secret ballot is the bedrock of political freedom". It may easily be exactly the reverse. The first of these factors was the fundamental cause of the American Revolution, and it is operating in this country today. It is the assumption that anyone can vote about anything, or anybody, and that a genuine mandate is thereby conferred upon Parliament, which Parliament can delegate to a Cabinet, upon which it confers the right to legislate without limitation by Common Law, or as the American colonists called it, "natural" law.

"The Common Good", always invoked by tyrants, is the excuse given for the transfer by a legal process, which inverts the protection given by Common Law, of privileges acquired by individuals to a bureaucracy subject to a *junta* whose primary concern is to retain power. The secret ballot is a most ingenious method of facilitating this process by attributing power to an electorate, which cannot exercise it, and suffers collectively, not for its unidentifiable vote, but for the deterioration of morale, which always accompanies the divorce of power from responsibility. Many, if not most, of our political premises demand serious reconsideration; and the real nature of our so-called democracy stands high upon the list.

In conclusion we offer here an extract of part of a paper published in *The Social Crediter*, March 16, 1946, which, considering current events of June/July, 1999, in Yugoslavia reveals the truth and reality contained in Social Credit philosophy.

The paper which appears below is an excerpt from the joint work of Dr. and Mrs. C. Geoffrey Dobbs, which was published in *The Social Crediter*, March 16, 1946:

## A Political System

Question:

To what extent, and in what connection, if any, do you consider the adult universal vote constitutes a mechanism, with or without modification, corresponding with, and tending to, a satisfactory *political* system?

### The Validity of the Political Vote

Definition: VOTE: (fr. Lat. *vo-tum*, 'wish, vow; to wish for'). Formal expression, by ballot or show of hands, *etc.*, of one's wish, choice, opinion, esp. in regard (i) to the election of a candidate for a post, or as a member of Parliament or other legislative or administrative body; or (ii) to the passing of a resolution, law, measure, sanctioning or prohibiting some specific form of action.

Question (taken with current meanings and within the framework of present day political systems, 1946):

Surveying the evidence:

(i) Great Britain, U.S.A., U.S.S.R. (all vote over 18), all have adult universal vote; in none of them does it constitute a satisfactory political system, serving merely to camouflage tyranny. At its most prosperous period in the 19th century Great Britain had certain qualifications, real but not political, on the right to vote.

(ii) On the other hand the reluctance shown *e.g.*, by powerful forces in Belgium to have a universal vote on the proposed abdication of King Leopold, and in Greece to a vote on the form of government desired by people there, point to the conclusion that there is some field in which an adult universal vote is valid and could muster the power to thwart the Dark Forces. The elaborate measures taken in *e.g.*, Yugoslavia to preserve some of the trappings of a universal vote also point in this direction; but in fact the vote there is no longer universal, the disqualification for voting being political (*i.e.*, 'fascist,' *etc.*) not real.

We therefore conclude that it is not so much the vote that should be considered, but the whole vote-operation including as well as the vote, the policies and people voted for, and the way of summing up the results, and the limiting factor of propaganda and information available to voters.

Wherever there is an adult universal vote, at present *we find complete control and corruption of the other factors composing the operation*, so that the vote is useless for ends not approved by the controllers, while giving an illusory air of free choice.

We consider the following factors important in this connection:

I. That no satisfactory political system is 'workable' unless those concerned with it hold broadly the same religious or philosophical views: in practice this was so when Christianity was the dominant religion. This is the only safeguard to the social credit (the faith of people that in association they will get what they want) of a system without which any political system will disintegrate.

II. So-called democracies have always emphasised exclusively the numerical aspect of the vote. The development of the party system has caused each political vote to be set off against another different one (thus playing off different groups of the community, against each other and creating class warfare) and account is taken only of the *difference* in numbers between supporters of the competing parties. In consequence (a) many votes are rendered ineffective, and (b) the resulting Government may not, even represent the majority of voters.

The political vote is thus transformed into an instrument to restrict the freedom of the voter by selecting one policy only and imposing it on everybody.