

"All that is necessary
for the triumph of
evil is that good
men do nothing . . ."
— EDMUND BURKE.



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CONTENTS

The Monopolistic Idea 1934 – Part II By Major C. H. Douglas	1
The Social Credit View of History – Part II By John Burton	4
Economics, or Political Economy? 1938 By Major C. H. Douglas	6

THE MONOPOLISTIC IDEA (Melbourne 1934) – Part II By Major C. H. Douglas

continued... Now I would like you to follow me in a jump over a long span of years to the middle ages. In the middle ages the goldsmiths were the world's bankers; the goldsmiths were primarily and originally artisans in precious metals, and because of that fact no doubt they had the best strongrooms in those days. As a result of that fact it came to be the habit of the Feudal nobles of the middle ages to leave their gold plate and other movable and portable valuables with the goldsmiths for safe keeping. The goldsmiths in turn gave the owner of the plate or valuables an ordinary receipt which in those days was written on parchment, because parchment was fairly enduring. The goldsmith would sign that receipt in the same way as anyone would sign a receipt at the present time.

As these signed receipts came more and more into use they really became the lineal ancestors of our modern bank notes, because people began to use those receipts for paying for other things without bothering to draw out the plate and valuables to which the receipts referred. So that if a man bought a piece of land in those days he would very often pay for that land by means of one of these goldsmith's receipts, and the seller of that land would not bother to draw out the gold plate to which the receipt referred, but in turn would exchange the receipt with someone else for something that he required.

So it will be seen that these receipts really constituted the first bank notes. There is something else to be emphasised here, and that is that at this point a very important thing took place. When this money or when these receipts began to pass from hand to hand they were issued, and their validity was accepted, not so much on the basis of the name of the man who had actually deposited the gold plate with the goldsmith, but on the basis of the signature of the goldsmith who actually issued the receipt.

It was the fact that the goldsmith was known to be a reputable person which really made these notes or receipts acceptable. So that at that stage you get a very significant change which took place, a transfer from the producer of the wealth to the custodian of the wealth, of this power of issuing something which would be accepted. Then there was a third and final transfer, which was consummated at the time of the outbreak of the Great War in 1914. It was the conventional belief before that time that there was one piece of gold in a bank to represent every pound deposited, drawable either by cheque or in some other way; it was a conventional belief that if you had £100 in the bank you could go to the bank and demand 100 sovereigns.

And, of course, you could do so as long as everybody did not go along and make the same sort of claim at the same time. But the position arose in August, 1914, in Great Britain that everybody conceived the wild idea of doing that at once, and practically everybody attempted to do it, with the result that within a very short time every bank in Great Britain, including the Bank of England, was bankrupt. The banks were completely unable to meet their liabilities on the terms under which they had contracted to do so - in gold.

There were, I think, nine hundred millions of deposits in the Joint Stock Banks in 1914, at the beginning of August, 1914. Practically all the gold was drawn out of the Joint Stock Banks, and I am informed that the gold at the Bank of England was reduced to something like ten millions - a very small amount for the Bank of England. There were six hundred millions of deposits still undrawn, or being drawn at a very rapid rate, when that gold was exhausted. As you will probably remember, a moratorium was declared - that is to say, all debts were held up for three or four days, all the banks were closed, and so forth. Then the banks reopened with a nice stock of clean white little notes, which said, "**I promise to pay the bearer £1 on demand.**"

If you had taken one of those little notes to the Bank of England they would have taken it and given you another little note exactly like it, saying "Here is your £1." That worked perfectly, and everyone was happy.

People took the notes, and business was carried on in exactly the same way. I want you to notice what these £1 notes represented. They were issued by the Treasury, although, unfortunately, they were issued through the banks, which gave the banks control over them. But those £1 notes received their value not because of anything deposited in the banks, because all the deposits in the banks had been drawn out; they received their value because they rested on the general credit of the country. That was the first stage.

What do we mean by the general credit of the country in this connection, and what is its important factor?

The general credit, the real credit of the country, I think is correctly defined as being the ability to produce and deliver goods and service as, when and where required.

It is quite obvious that these little bits of paper on which we place so much store, are of no importance whatever if no one will deliver something in exchange for them. It is the fact that they are accepted as what we call effective demand for goods, which makes them important.

This credit and this power of issuing money have become, through the process I have explained to you, a monopoly, and that monopoly remains. It is quite obvious that such monopoly achieves enormous power by restricting its output, as you might say. If everybody has enough money, money becomes less important in proportion to the amount of money you have. If you do not know from where your next meal is coming, and you cannot get your next meal without money, money looms before you as the one essential of your life; but if you have a reasonable income it does not loom quite so large; you are not quite as much worried as to whether something costs you 6d. or 7d.

Therefore, it is in the very nature of monopolies of all kinds - and I say this after great consideration and as being a very important thing to consider - that they shall restrict their output, so that you shall desire it, to make it have a scarcity value.

I do not believe it is conceivable, or in the nature of monopolies, for a monopoly to supply the world to the extent either that the world is capable of producing a commodity, or is really desiring it.

That is one of the strongest objections to monopolies. You will notice in the world at the present time that restrictions of all kinds are increasing - restrictions on the growth of wheat, possibly restrictions on the shipment of wool, I do not know, but there are restrictions of this, that and the other kind, restrictions on entering this country or that country, restrictions on taking this thing into one country or taking something out of another country. All of these restrictions are part and parcel of this policy of growing monopolies of various kinds.

Now, what does this credit really rest upon?

This is a very important matter, because it has to do with who is the real owner of the money which represents the effective demand tickets. I pointed out to you in the beginning of this explanation that originally money started with the owners of wealth. Of course, it is the orthodox Labour argument that labour produces all wealth. If that were true, it would be perfectly right and proper in my opinion to say that all money belonged to labour, but I am afraid it is not true. That is not the case.

The case is much better than that, even from the point of view of labour. The great factor in production under our modern system is the labour supplied by the sun. By that I mean water-power, oil-power, coal-power, power through the agency of electricity, and so forth. Production today is almost entirely a question of power. When labour supplied the whole of the power by muscular effort and so forth, I think it would have been a fair and equitable thing to say that labour produced all wealth either by hand or brain.

But we of the Western world are the inheritors of a magnificent culture which we ourselves did not produce, but which largely was handed down to us from previous inventors, engineers, organisers and so on.

We are merely the administrators of that cultural inheritance, and to that extent that cultural inheritance is the property of all of us, without exception.

You must remember that your best engineers, organisers and administrators definitely have been trained to put the world into a state of unemployment for the past 150 years. That is what they have been trying to do. When you have achieved that thing you do not know what to do with it. But what you have to do is the simplest thing in the world. You have to represent this real credit, this capacity to produce enormous quantities of wealth, by financial credit in the form of money-tickets.

It is a technical matter into which I am not going tonight, but you have to recognise that the ownership of that part of the ticket which represents the cultural inheritance is one in which we are all joint owners.

I believe that not only from the common sense point of view of making the machine work, but from the ethical point of view and from every other point of view you can conceive, the time is ripe, is overripe, for the issue of a national dividend in some form or other. You are going to be faced, if you allow your best brains free play, if you like to put it that way, with a rapidly increasing problem of so-called unemployment, and that problem of so-called unemployment is simply the stopping of the work of those people who are not required.

Are we, as a world of presumably sane people, going to say that because we no longer require the work of these people, and yet can make all the goods that they require, we are going to prevent them from having the

goods? The thing is insane.

But the situation has an even more tragic aspect - that is, that this determination to recruit the employment of the whole population as being a permanent and inevitable accompaniment of any economic system which will be tolerated, means that as soon as you possibly can use in any modern country all that the whole population with modern machines can produce, you must strive for export markets.

That is a perfectly straight-forward proposition for two or three countries in a world of 40 or 50 countries, to strive for export markets, but when the whole 50 countries are striving for export markets, then, short of exporting to Mars, there is no solution of that particular problem. The result of that struggle to capture export markets and to maintain the technique of the present obsolete system is inevitably war.

That is the danger with which you are faced - possibly

the imminent danger - so that if I have made my point clear there is no subject in the world at the present time of such vital concern to every man, and particularly to every woman who has children, or hopes to have children, than this problem of credit.

I repeat that the problem of credits must be solved, and that increased purchasing power in the form of a national dividend should be given every person.

A national dividend is justified economically, by the increased power of production, and morally by the fact that this increased production is not due to any section of the community - neither the labourer, scientist or capitalist, but to all.

The world will have plenty of problems to solve after this problem has been solved, as it can be, but I assure you there will be very few people left in this world to solve any problem, if you do not solve this particular problem very soon.

THE SOCIAL CREDIT VIEW OF HISTORY – Part II By John Burton

A New Theory Concerning the Rise and Fall of Civilizations

continued... The overriding importance of finance as the chief weapon in the arsenal of the oligarchic powers throughout history generally, and more especially in the last few centuries which have been characterized by enormous economic and industrial developments, led Douglas to develop a new theory concerning the rise and fall civilizations. Many historians (and other thinkers besides) have noticed that civilizations seem to possess a life-cycle analogous to that of the individual: they are conceived, grow, develop, mature, and then they decay and eventually die. This raises an obvious question: "Why does this occur when the populations of these civilizations are continually renewed with each new generation?" Douglas' answer was that: "... the rise and fall of nations is due to a manipulating influence interested in conflict." ¹ That 'manipulating influence' is oligarchic finance:

"Those of you who have read that remarkable book by Mr. Benjamin Kidd, *The Science of Power*, may remember the following passage: 'It is a fact, the significance of which has been overlooked in the past, that Western civilisation has been in a special and peculiar sense founded upon force.' The point to which I have been endeavouring to bring you in this and the preceding address, is that orthodox finance appears to have a subtle connection with this doctrine of force – Force and Finance, if not the same things, are complementary. Quite demonstrably, force has brought one nation after another to a certain type of pre-eminence. With that pre-eminence has come a rise of culture, arising, I think not out of force, or finance, but out of the economic prosperity which is the bait

used by Finance, and subsequent to that rise of culture, forces appear to have been set in operation to transfer the preeminence elsewhere.

"I do not suggest that this sequence of events has passed unnoticed or uncommented upon. That well-known classic, Gibbon's *Decline and Fall of the Roman Empire* set a fashion which has had many imitators. In almost every case, and most notably in the case of the immediate pre-war German comment on these matters, the suggestion was that the type of culture to which I am referring, which involves the elevation of such qualities as kindness, mutual consideration, toleration of new ideas, dislike of aggression, in fact all that group of virtues which we call civilised, or, if you prefer it, Christian, constituted a disease of society and led to the downfall of a nation which succumbed to them. It was, in fact, assessed as pure weakness.

"The first negative comment which we can make upon this theory is that the fall of Germany was certainly as violent and catastrophic as any in history, and was certainly not due to the undue cultivation of a civilisation of this description. For half a century, at least, Germany had inculcated brutality as a specific principle of her system. Her fall was not due to anything that you might call softness. I believe that in the lying propaganda as to the causes and the reasons of the war, there was a real truth. It was that the world would not have German 'Kultur' at any price.

Prussian culture set in motion forces stronger than itself, which brought about its downfall.

In war time, therefore, civilisation does not fail. It is in peace time that it fails.

"Now I want to put before you a totally different

theory (which so far as I know is novel, although its novelty is of no importance) as to the reason for the decline of nations which become pre-eminent by force and financial policy and subsequently become civilised. I think that they are brought up to a certain point in evolution by the system that we are living under, and that at that point they are in a very favourable position to develop what I believe to be a really higher level of culture.

“While in one sense brute force gave it birth, this level of culture does not rely on force of the ordinary kind. In fact, force of the ordinary kind is distasteful to it. It, and force, together with orthodox Finance, are mutually repulsive. The result of this is to drive Finance to seek for a more congenial environment. You may say this is only a more complicated form of the old explanation. I do not think so. I think you can get a new idea of great value from it.”

“The danger of a decline, once this level of a new culture is reached, is not, in my opinion, due to that culture in itself. *It is due to the failure on the part of that culture to develop a system of Finance, and a use of force, which is sympathetic to the general spirit of the new culture.*

“You may find an analogy to this state of affairs in the life history of many insects – the may-fly for instance. They are brought to a certain stage of development in water, but once that stage is reached they either escape into the air or they are drowned. It is even probable that all life on this planet is compelled by the nature of things thus to change to a different plane on pain of extinction.”²

According to Douglas, the rise and fall of civilizations has a lot to do with the money system which undergirds a society. Civilizations which are based on monopolistic financial systems are subject to the discipline of rewards and punishments which the operators of those systems can and do impose in the desire to further their own interests. Those societies which are successful in promoting the interests of their financial overlords, a success which typically requires the brutal use of military and economic force, are rewarded with material prosperity. An unintended by-product of such prosperity, however, is the genesis of a new culture which is more favourable to the *épanouissement* of the things of the spirit. For once the material needs of men have been met, they then become free to turn their attention to the development of their higher natures. The ethos of this new culture is a threat to finance because it promotes abundance over scarcity, freedom over servility, and harmony over conflict. In sum, such a culture is incompatible with the activities of monopolistic finance. If left unchecked, it could even dethrone monopolistic finance by inspiring an alternative system of finance which is reflective of its own preferences. As the first

law of every being is self-preservation, finance naturally reacts to this development by moving its centre of operations to other nations which offer, from its point of view, a more congenial and co-operative environment. In consequence, the society thus abandoned falls from its pre-eminent position and decays under the weight of economic lassitude.

Douglas’ novel theory concerning the rise and fall of civilization is novel precisely because much of the history which has been written has – as strange as it may seem – completely ignored the machinations of the money power in fomenting empire, wars, civil strife, revolutions of all types, societal decay, and social change. It is as if historians everywhere have tacitly assumed that the power of finance has only ever operated as a mere neutral tool; this is akin to the false idea propagated in orthodox economics that money functions as a pure numeraire. On account of this oversight, historians who wish to make original and paradigm-shifting contributions to their discipline would be well advised to direct their attention to clearly uncovering as much as possible the role which finance in general, and international finance in particular, have actually played behind the scenes in determining the course of events through the financially conditioned control of political, economic, and cultural policy.³ The historical facts might take on an entirely different hue once the role of finance is properly recognized and subsequently employed as the key interpretive cipher for decoding the history of civilization.⁴ This would allow for the final unveiling of the esoteric history, i.e., what really happened, in opposition to the various false or incomplete exoteric narratives that are ceaselessly pedaled by officialdom.

The Political Import of the Representation of History

That the body of thought known as Social Credit should incorporate a theory as to how history is to be both formally and materially interpreted may have come as a surprise to the reader. Douglas was keenly aware, however, that the way in which people conceive of history has powerful political implications and that those who would wish to usurp the unearned increment of an association have a compelling incentive to ensure that the telling of history in the public forum is conducive to the maintenance and augmentation of their societal hegemony. The representation of history can, like the practice of empirical science, be easily politicized, i.e., employed to promote beliefs which, although they are at odds with objective reality, are nevertheless useful in the attainment of certain political ends.

In his novel *1984*, George Orwell formulated the same underlying principle in an easy to remember aphorism and proceeded to illustrate it with some of the most extreme examples of its application which could be

imagined:

“Who controls the past, ... controls the future: who controls the present controls the past.”⁵

And so the question must be posed: “Who controls the present in our contemporary world?”

The way in which people conceive of reality in the present is controlled by those in a position to control or at least exert pressure on, what might be termed in the broadest sense, the means of social communication: the news media, the entertainment industry, the publishing industry, the educational system, etc. Control over the means of social communication delivers control over the minds of the public and hence over public opinion. The average person tends to believe whatever he or she is repeatedly told by authority figures; indeed, he has always been conditioned to do so.

But who controls the fonts of social communication? In a society where all of these activities are dependent on the availability of money and the volume of money is itself largely dependent on the flow of newly created bank credit, the control of the information disseminated by the various forms of social communication must ultimately lie in the hands of the credit monopolists. The almost total financial control of the various forms of social communication means that, in the modern world, the oligarchic classes have the power to practice with impunity that which Douglas referred to as ‘black magic’: the art of mass mind-control in all of its various forms.⁶

With respect to history, this ‘black magic’ has consisted in a two-pronged attack. The first aim is to destroy accurate records of history, whether it take the form of written or memory-history. In Orwell’s 1984, this elimination of historical truth involved the disposal of records by sending them down the ‘memory-hole’. In the real world, books presenting unorthodox versions of history have often been burnt or otherwise forbidden by oligarchic regimes.⁷ Similarly, memory history has been destroyed by deracinating individuals economically, geographically, politically, and culturally. Douglas bemoaned many of the forms of social and cultural dislocation which the modern world was imposing and which it continues to impose on the world’s people. This type of change results in “... the systematic destruction or perversion of significant history, **and particularly that form of written history represented by hereditary experience.**”⁸

After successfully hiding those historical truths which might be damaging to interested parties, the second aim of the oligarchic classes is to *falsify* history.

The widespread tendency to present history as nothing but disconnected episodes or blind trends is a falsification of the formal nature history. The cock-up theory of

history, if accepted, significantly reduces the common individual’s power to oppose the crystallization of policy in directions in which he does not approve:

“There is perhaps no more convincing single piece of evidence in regard to the existence of conscious, evil, forces energising a continuous policy, than the strenuous and skilful endeavour to present a picture of events and of history, as purely episodic.”⁹

Material falsifications of history also abound. They are, in fact, so commonplace that even at the beginning of the 20th century, Henry Ford was forced to conclude that the standard history presented to us is bunk:

“Mr. Henry Ford (“Cars, Tractors, and Retractions”*) is credited with the opinion that history is bunk. Mr. Ford’s opinions, like his cars, seem to be arranged for replacement on advantageous terms, but in this case he would appear to have noticed something which, seen in its proper relation to other knowledge, is worth examination. The first modifying factor is that the reference was to *written* history.”¹⁰

One of the chief ways that a material falsification of history can be achieved is by popularizing a myth amongst the masses. In this context we are, of course, speaking of a myth that is itself false either wholly or in part:

“There is probably no more infallible key to a policy than to analyse its Myth, and no surer indication of its source than to trace its channels of publicity and propagation to their origin. Obviously, we must, in order to achieve this end, know beyond peradventure the nature and properties of a myth.

“Like so many other words in common use, it has become to many people something which its derivation, the Greek word *mythos*, does not justify. The word simply means a story – not an untrue story, or a ‘true’ story, but just a story. The distinction is highly important, because the nature of the myth and the use to which it is put go down to one of the great mysteries of the universe....

“There are, of course, a large number of High Political myths which can be seen to have dominated history. There is the Holy Grail, the Crusading myth, Joan of Arc’s voices, the Money myth, the blessedness-of-poverty myth, with its corollary that the many are virtuous while the few are wicked, so that if you make everyone poor, you make everyone good; the Problem of Employment myth, and many others.

“But I have no doubt whatever that the Chosen Race myth, with its corollary of Messianism, is the key myth of history, and that in it we can find almost a complete explanation of the world’s insanity (*e.g.*, divorce from reality); and an almost complete indication of the path to recovery....

“I suggested that it was not of the essence of a myth that it should be ‘true’. Yet I think and hope that there is a real difference between a ‘true’ myth and a ‘political’ myth and that the test of this difference is simply whether belief in it is self sustaining, or whether it requires organised maintenance.”¹¹

A third and final way in which history has been falsified, one which cuts across the two preceding distinctions, is the attempt to disregard or downplay the importance of history, i.e., to claim that what really happened is irrelevant or of little importance to ‘modern people’ who are looking towards the future. On the contrary, Douglas recognized (as have many others besides) that history is also *politically* important because a correct understanding of historical events can help people to learn from past mistakes so as to avoid repeating them:

“It is, of course, the convenient fashion to say, ‘Yes, yes, but that is all past history – we must forget all about that, and work for the future’. There is no such thing as past history. Only being quite certain what has happened, not merely what we are told happened, can we understand what **can** happen.”¹² ***

1. C.H. Douglas, *The Brief for the Prosecution* (Liverpool: K.R.P. Publications Ltd., 1945), 63.

2. C.H. Douglas, *Warning Democracy*, 3rd ed. (London: Stanley Nott, 1935), 70-73. Cf. also: C.H. Douglas, *Warning Democracy*, 3rd ed. (London: Stanley Nott, 1935), 119-120: “The world, at the present time, operates under a financial system which is in essence a bookkeeping system controlling the necessities of life. This book-keeping system produces an illusory necessity for an excess of exports over imports in the case of every industrial nation, the penalty of failure to increase this balance of exports over imports being an increasing unemployment problem.

“This situation is mathematical in origin, and, as it were, merely provides a combustible background for an international conflagration without in itself selecting the nations involved. Proceeding from this situation, however, it is recognised that an aggressive psychology is an asset tending towards, at any rate, temporary success in this struggle for commercial superiority, which is the polite term applied to the conflict. It follows fairly naturally, therefore, that a successful period of commercial expansion has a strong tendency to be accompanied by an aggressive attitude in Foreign Policy. It is probable that the causes of temporary commercial supremacy are for the most part adventitious.

ECONOMICS, OR POLITICAL ECONOMY? By Major C. H. Douglas

An address to the Marshall Society of Cambridge (October 20th, 1938)

In those far distant days when it was my painful duty to sit for that charming examination known as the “Little-Go” Greek was compulsory. I believe wiser counsels have since prevailed. I knew about as much Greek as some of my critics think I know about economics, so there was only one thing to do, and that was to learn, by heart, the two books which were set for the examination, together with a convenient ‘crib.’ To dispose of this particular aspect of the crime-wave which overtook me at that time, I obtained 87 per cent in Greek, which shows what a really useful thing some examinations are. I might mention that the feature in the situation which kept me awake at night was whether I should translate several sentences more than the examination paper required, since I was not quite sure where any particular sentence began or ended! However, all went well.

It is even more probable that commercial supremacy during the past 200 years has been susceptible of being fostered, and has in fact been fostered, according as the situation seemed to meet the interests of international financial organizations, such as the Rothschilds, Sterns, Schiffs, and others.

“In spite of this, the incurable vanity of human nature, acting in conjunction with the cult of rewards and punishments, has assumed that such success was due to special virtue on the part of the successful, with results which were plainly visible in the attitude and manner of the pre-war Prussian, and are becoming noticeable in the national attitude of the United States. They were, perhaps, not absent from the outlook of Great Britain prior to the South African War, and were noted and embodied in Mr. Rudyard Kipling’s *Recessional*, written in 1897.”

3. David Astle’s work, *The Babylonian Woe*, is one such attempt at the suggested undertaking. Unfortunately, though it contains a wealth of interesting information, the book is both poorly conceptualized and poorly written. Cf. David Astle, *The Babylonian Woe* (Toronto: Harmony Printing LTD., 1975).

4. The decisive role which the financial system has played in history was summarized and explained by Douglas as follows: “Now there is one unchanging feature of every social, economic, and military conflict of the last two thousand years at least. Governmental systems may change, kings may be replaced by presidents or dictators, feudal customs may give way to oligarchies or soviets. Through them all runs the dual thread of money and prices.

Yet this purely artificial, and fundamentally helpful, system has been the target of attack throughout the ages. Not once, but many times, men have risen to denounce the evils which they have traced to its perverted use. And all of these men, so far as I am aware, have come to the same conclusion. The evils which have arisen from a defective use of the credit system are without exception due to the use of it as an instrument of policy and not as an accounting and distribution system. This is the final embodiment of the basic cleavage between Socialism and Social Credit, between Judaism and Christianity. No one with any knowledge of the question ever said, ‘Money is the root of all evil’; but the greatest have said, ‘The love of money is the root of all evil.’” C.H. Douglas, *Programme for the Third World War* (Liverpool: K.R.P. Publications Ltd., 1943), 54.

5. George Orwell, *1984* (New York: Plume, 1983), 30. This principle was actually one of the slogans of the totalitarian Party which was in almost total control of the fictional super-state of Oceania.

6. Alongside the age-long conflict between the policy of domination and the policy of freedom, there is the parallel conflict between the various attempts to manipulate people by inducing false mental pictures of reality (i.e., the practice of ‘black magic’) and the attempts to present reality faithfully: “We are witnessing in the world to-day the culmination of an age long conflict between reality and superstition. As far back as history extends, superstition has been used as a tool, perhaps the most powerful tool, to hold humanity in bondage. I am strongly of [the] opinion that its last fortress is finance. What I might call the hypnotism of money, the idea that it was a thing in itself, and that its plentifulness or scarcity was a controlling factor in the prosperity or adversity of each one of us, has, while inflicting untold misery on millions, placed almost unlimited power in the hands of the witch doctors who were custodians of its secret.” C.H. Douglas, “Publicity and Credit” *New Britain* Vol. 1. No. 2 (January-March 1933).

7. In the Federal Republic of Germany, for example, several of the books published by the chemist Germar Rudolf (which throw doubt on the official Holocaust narrative, to put it mildly) are routinely burned whenever they happen to fall into the hands of the authorities.

8. C.H. Douglas, *The Big Idea* (Bullsbrook, Australia: Veritas Publishing Co., 1983), 27.

9. *Ibid.*, 3.

10. C.H. Douglas, *The Big Idea* (Bullsbrook, Australia: Veritas Publishing Co., 1983), 28.

11. C.H. Douglas, *Programme for the Third World War* (Liverpool: K.R.P. Publications Ltd., 1943), 34-36.

12. C.H. Douglas, *The Big Idea* (Bullsbrook, Australia: Veritas Publishing Co., 1983), 7.

But there is good in everything. The two set books were the *Gospel of St. Matthew* and a little volume by Xenophon called “*Oeconomicus*”, which, as I feel sure I need not tell you, does not mean “economics” but “house-hold management.” You will no doubt be surprised to hear that in my opinion, however, both of these are treatises on political economy, although, no doubt, from widely different points of view.

In regard to the first, it must surely have occurred to many of you that the explanation given of the persecution of early Christianity as having a religious basis, is incredibly thin, when you consider the tolerance of the Roman Empire of that day in regard to what are so amusingly called “pagan sects” at the present time. Without wishing to trench on a subject which is not mine, it has always been my view (perhaps derived from the intensive study of St. Matthew just mentioned)

that the four Gospels contain an economic and political philosophy which was immediately apprehended by the ruling powers of those times, and actively disliked, and I believe that the difficulties and dangers with which the world is faced today arise out of exactly the same conflict.

As usual, the issues are not so clearly defined in Great Britain as elsewhere. *Ars est celare artem* is highly developed in this country. We find the real objective disclosed in a cruder form in the totalitarian States, such as Russia, Italy, Germany, in regard to which, in this particular matter, I make no special distinction. Put shortly, it is the exaltation of organizations over individuals. The glorification of the State in the first place, and of such things as Law, or the instruments of State sanctions, such as the Army, etc., is a corollary.

The antithesis to this is the conception that any organization is merely a convenience for collective action which, both to retain its essential nature and its virility, must be based on the assumption that everyone who joins it is free to leave if they find that it is disappointing. I have frequently suggested that the difference is the difference between compulsory cricket and Saturday afternoon cricket. In no case does it mean that the society holds a committee meeting every five minutes to alter the rules, but in one case it does mean that an individual who does not like the rules can play golf, whereas in the other he has to "grin and bear it."

We are supposed to be a democracy in this country; we are, of course, nothing of the kind. We are a skilful and not very scrupulous oligarchy, tending rapidly to a financial dictatorship, with an administrative dictatorship in the background. We have become infected with Oriental ideas, and all the forces of education and propaganda are enlisted in their service.

At this point it may easily occur to anyone to ask "To what does this tend? What is the objective?"

It is not very easy to answer this question concisely, but probably the nearest approximation to a correct short answer would be "The perpetuation of the Slave State." I may shock you by saying that I believe that the Slave State was necessary to enable some people to have leisure to think, but it is not necessary now.

There is, I think, more to it even than that. Organizations appear to acquire a separate existence and character of their own, even temporary organisations, such as mobs. It is well-known that a mob will commit and endorse sentiments for which no single individual in the mob, if approached separately, would take responsibility. The relations between nations are on an immeasurably lower level than those which would be tolerated between individuals, yet Governmental bodies pretend to impose their policies in the name of morality. A Government Department will act officially in a way

which would land an individual in gaol, as well as incurring for him complete social ostracism, yet we are asked to regard them as the fine flower of Socialist ideals.

It seems therefore, taking all these matters into consideration, that the problem which the world has to face today is only secondarily a problem of economics, but is primarily one of political economy. In other words, an appreciation and rectification of the use which is made of economic realities is required, rather than to modify very seriously the facts of those economic realities themselves.

The professional economists seem to have concentrated their energies over the past 20 years or so largely on an enquiry as to *what* goes on in the world of economics, rather than *why* it goes on, and to what it tends. There can be no discussion as to the desirability of making sure of your facts, but I am more than doubtful as to whether economists, on the whole, do make sure of their facts, or really know a fact when they see it. It is beginning to be generally recognised that mere money estimates of economic activities are almost valueless. I am inclined to think that it is not so generally recognised that you cannot place any rational interpretation on figures obtained by such methods as the census of production, or other similar returns, until you have information as to the destination of the production, the policy which was the cause of the production, and the probable short and long-range effect of this policy. For instance, Herr Hitler has been informing German people for some years past that they could not have both guns and butter. It is open to anyone to question whether Germany has been producing guns, or liabilities, looked at from the point of view of the individual.

There is one measure which is fundamental to any appreciation of the economic facts, and that is the measure of the potential rate of production and perhaps even more importantly, the change of rate, or what we engineers would call the *acceleration* of the rate of production.

Now, I do not think that mere statistics of the *actual* change of rate are of very much value because the *actual* change of rate is dependent on numbers of purely artificial restrictions, such as lack of purchasing power, etc. But the potential rate of production is almost entirely dependent on the available amount of energy, and I do not exclude from this statement the consideration of the supply of what are called "raw materials." "Economic production" is a misnomer—there is no such thing. There is the change of form by which we make a simple thing into something more complex, and this is always accompanied by the dissipation of energy. Using this conception, we can say that there is about 4 horse-power available for every one of the population of this country, and a horse-power is commonly considered to represent

the work of ten men and this energy is available for 24 hours a day instead of 8 hours, so that each of us has 120 slaves available. The potential rate of production is probably, therefore, over 100 times what it was, let us say, 150 years ago. In other words, a reasonable standard of living ought to be available for all of us, with a very trifling amount of work.

Now why do we find that economic insecurity is greater than it ever was? For myself, I have no hesitation whatever in giving you a short answer: it is the insistence upon a policy of universal employment, a policy which is pursued in flat opposition to the fundamental necessities which are revealed by the general economic position. Whereas the underlying necessities of economic production require, in fact, less and less attention by fewer and fewer of the population, we are insisting on more and more attention by more and more of the population. We are not doing it to ensure a good life, we are doing it because we pretend that our system of forced work is a “moral” system. That is a primary conception of Whig politics.

Those of you who live in the North must be familiar with a large number of farms, many of them becoming derelict, which bear the names of Manor Houses. In Cheshire, for instance, nearly every farm of any size is called something-or-other ‘Hall.’ A couple of hundred years ago these represented the homes of independent, leisured families. Admittedly, there was a small (surprisingly small) portion of the population living in poverty. I doubt very much if the percentage was anything like one-tenth of the population. The rest of the population was comfortable, independent and confident. With immeasurably greater potentialities today for leisure, comfort and security, we have a larger percentage of indigence and a rapid proletarianising of an increasing portion of the population. That is not economics—it is “work” exalted to the main object of political economy. From it flow not merely the consequences upon which I have just touched, but because of the theories of the balance of trade, the necessity for international trade, and so forth, all of them emanating from Oriental ideologies, it is the primary cause of war.

While an intellectual appreciation of it is obviously the first step to anything practical in regard to this situation, it would be a profound mistake to assume that that is sufficient. It is my opinion that the problem which requires urgent attention beyond all others at the present time is the relationship of the individual to his institutions. At this time none of us can be unfamiliar with the fantastic lengths to which the exaltation of institutions proceeds.

An institution, whether it be a nation or some constituent part of it, is, at bottom, nothing but an association of individuals for their own good, and when

it ceases to be such it is a danger and not a benefit. The claim which is made that institutions are all-important and individuals have no importance is just exactly that claim which was challenged 1900 years ago and which must, as a matter of practical politics, be again challenged if civilisation is to survive. Institutions have their uses and, in fact, civilisation is probably impossible without them. They are good servants, but bad masters, and they have one very dangerous feature—a tendency to self-perpetuation. That is one reason why experts are such dangerous people. The average expert becomes so fascinated with the institution which gives rein to his expertness, that it becomes an end in itself, rather than a means.

Cambridge has a great responsibility in this matter. It is the Whig university, and the policy of this country for the last 200 years has been a Whig policy and is a Whig policy today. The first modern Dictator in Europe was the Whig idol, Cromwell. Merrie England ended with his rise.

I offer no opinion as to whether history, when it comes to be written, and if it is written truthfully, will regard the past 200 years as being an inevitable phase through which we were bound to pass, but I am quite confident that whatever virtues that period may have had, it has none now—that the hysterical cry for yet more work, yet more employment, sacrifices, higher taxes and all other corollaries of this policy, together with the bureaucracy and encroachment on elementary rights and liberties which is its accompaniment, should not only be firmly resisted, but reversed. As the rising generation of this country and members of an institution for which, in itself, we all of us have so great an affection, and whose glamour returns to me afresh as I visit it at your kind invitation, I should like to place the whole situation before *you* for consideration, with the earnest request that you free yourselves, as far as possible, from the idea that the object of the world and of life is the still further exaltation of the economic system, and the destruction of individual independence. If that idea is persisted in for the next five years, the future is indeed dark. ***

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