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THE SOCIAL CREDITER

The scientific money system for the automation age of abundance

by Robert Klinck

In comparison with most of the major political forces operative in the world today, Social Credit is a phenomenon of recent origin. Indeed, this month marks only the fifty-third anniversary of the publication of the first article on the subject by its founder and authoritative exponent, the late Clifford Hugh Douglas.

Partly because he was less concerned with personal recognition for his contribution to analyzing the defects of modern social institutions than he was with actually correcting the defects, and partly because he was cognizant--and therefore, wary--of the nonsense which frequently flows from the pens of biographers, no comprehensive biography of Douglas has ever been written. Nevertheless, sufficient information about him is available to permit us at least to sketch his remarkable career. Douglas, being of Scottish descent, spent his latter years in Fearnan, Perthshire. He was born, however, in Stockport, Cheshire, England in 1879.*

Various comments in his writings and speeches indicate that he regarded obtaining his higher education at Cambridge University as one of the less rewarding experiences of his life. He entered the profession of engineering, in which he acquired a considerable



C.H. Douglas:

prophet of the age of abundance

experience as a participant in major construction projects around the globe.

He was on the staff of the Westinghouse Company of America; in India he was Chief Reconstruction Engineer for the British Westinghouse Company; in South America he was Deputy Chief Engineer of the Buenos Aires and Pacific Railway Company. Returning to England, he became Railway Engineer of the London Post Office (tube) Railway and was engaged in the construction of an underground railway between Paddington and Whitehall.

After the First World War, he became a yacht manufacturer.

In the course of overcoming physical obstacles as an engineer, Douglas gained an awareness of the tremendous potential in modern technology for individual human emancipation. It was, in fact, during the First World War that Douglas made a discovery which was shortly to result in his grafting onto his eminent career as an engineer those of economist and philosopher, as well.

At that time, as a Major in the British Royal Flying Corps, he was despatched to the Royal Aircraft Works in Farnborough to unravel a production problem. Its solution necessitated his carrying out an intensive investigation of costing in the factory. Applying this novel approach to broader economic considerations with rigorous use of the method of scientific induction led him to an unexpected conclusion which for decades was to be an issue of heated controversy among economists. In brief, Douglas claimed to have discovered that in a given period of time the amount of purchasing power distributed to potential consumers of goods was insufficient to allow them to purchase the goods produced in the same time. This matter will be discussed more fully in a subsequent article in this series.

One early result of Douglas's inquiries was the publication in *The English Review* (December, 1918) of an article by him entitled, "The Delusion of Super-production," in which he attempted to demonstrate the falsity of the proposition being advanced from all quarters after the war that the key to achieving peacetime economic stability and prosperity

lay in substantially increasing manufactures. Douglas argued to the contrary: he contended that, so long as existing financial provisions were retained, such productive activity would merely aggravate a technical problem which would eventually inflict a severe economic reckoning on the population. Subsequent events proved in dramatic fashion the soundness of his prediction.

After the publication of "The Delusion of Super Production" Douglas devoted an increasing amount of time to consideration of economic issues. Nearly forty years of age, he wrote *Economic Democracy*, the first of numerous books. So condensed and unfamiliar were the ideas expressed in this work that it required a whole series of even longer volumes to clarify his analyses and his proposals. Although steeped in a profound philosophy, these early works were primarily concerned with economic propositions. Later--during the 1930's and 1940's--Douglas turned his attention towards politics and the problem of how successfully to implement his principles.

However distinguished by consistency and precision of expression Douglas's writings may be, what is most impressive about them is the amazing way in which their author is able to cut through misconceptions, irrelevancies, and emotionalism to the core of problems. In this regard, Douglas was unquestionably gifted with a singular clairvoyance.

Included as highlights in his career as an economist were his testimony at the Canadian Parliamentary inquiry into Banking and Commerce in 1923, his delivery of a paper at the World

Engineering Congress in Tokyo in 1929, and his statement of evidence before the Macmillan Committee (of Great Britain) on Finance and Industry in 1930. During an immensely successful world tour, beginning in 1933, Douglas addressed enormous crowds in Australia and New Zealand, where he also testified before a Parliamentary Committee on Banking. In Western Canada he gave evidence before the Agricultural Committee of the Alberta Legislature and, in Ottawa, testified before the Committee on Banking of the Dominion Parliament. Before returning to England in 1934, Douglas proceeded to the United States where he was guest of honour in Washington at a supper for Senators and Congressmen arranged by Senator Bronson Cutting. In 1935, at the invitation of King Haakon of Norway, he addressed the King and the members of a merchants' club in Oslo.

Some indication of Douglas's stature as an economist can be obtained from the tribute paid him by the brilliant English editor and economist, A.R. Orage. "His knowledge of economics was extraordinary," wrote Orage, "and from our very first conversation everything he said concerning finance in its relation to industry--and, indeed, to industrial civilization as a whole--gave me the impression of a master-mind perfectly informed upon its special subject; after years of the closest association with him, my first impression has only been intensified. In the score of interviews we had together with Bankers, Professors of Economics, Politicians and Businessmen, I never saw him so much as at a moment's loss of complete mastery of his subject. Among no matter

what experts he made them look and talk like children."

Beside the fact of his unusual intellect, do we know anything of Douglas's character? Better to appreciate that, it is desirable to quote at some length from another writer, L.D. Byrne, who was not only a keen student of Douglas's thought, but also his personal friend:

"Notwithstanding a mental stature unusual in any society, Douglas's outstanding characteristic was a profound humility--a humility which was reflected in his writings and in his life. This is the one quality which set him apart from his contemporaries and ensured him a lasting place with the truly great men in the annals of human endeavour. Where others viewed the world in terms of mankind's struggles and achievements, and society as the creature of man's brain and behaviour, with the realism of the engineer and the penetrating spirituality of a Mediaeval theologian, Douglas saw the Universe as an integrated unity centred in its Creator and subject to His Law.

"It was the basis of Douglas's philosophy, of which Social Credit is the policy, that there is running through the warp and woof of the Universe the Law of Righteousness--Divine Law--which he termed 'The Canon.' Just as the stars in their courses, the electron in relation to the proton and the behaviour of light are obedient to it, so all Life is governed by the Canon. Because of the higher intelligence and free-will accorded to him, Man cannot rely on instinct to guide him in his adherence to the Canon. He must seek it actively, and to the extent that he finds it and conforms to it,

he will achieve harmony with the Universe and his Creator. Conversely, to the degree that he ignores the operations of the Canon and flouts it, he will bring disaster upon himself.

“It was inherent in Douglas’s writings that he viewed society as something partaking of the nature of an organism which could ‘have life and life more abundant’ to the extent it was God-centred and obedient to His Canon. Such a social organism would be the corporate expression of the lives and relationships of its component individuals. Within it, the sovereignty of ‘God the creator of all things visible and invisible’ being absolute, there must be full recognition of the sanctity of human personality, and, therefore, of the individual person as free to live his life and, within the body social, to enter into or contract out of such associations with others as, with responsibility to his Creator, he may choose. And no person may deny to another this relationship to God and his fellow men without committing sacrilege.”

Surely, reading this passage, we can sense the character of Douglas and the scope and depth of his philosophy.

The man died in 1952.

What seems amazing is the extent to which Douglas’s thought has been simply ignored. In spite of his having been one of the most talented writers and brilliant critics of the Twentieth Century, one can scarcely find a mention of him in decades of indices to the *London Times*. And today, while their shelves are filled with tomes on the obsolete and hate-filled doctrines of Karl Marx,

booksellers refuse to display the works of Douglas, whose philosophy, respectful of the individual, held promise of achieving social harmony and whose policy was to make the vast productive potential of modern industrial nations serve rather than dominate man, to give him economic security accompanied by greater freedom to exercise his initiative and develop his personality. Douglas maintained that his proposals would produce these results--and no one ever succeeded in seriously refuting his claim.

*This passage has been altered to indicate England as the correct place of Douglas’s birth, rather than Scotland as stated previously. – Editor, 2007.