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# **A PROGRAMME FOR HALTING THE FINANCING OF ECONOMIC BLOOD TRANSFUSIONS TO THE COMMUNISTS**

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**Report of The Crown Commonwealth League  
of Rights to The 9th World Anti-Communist  
League Conference.**

**SEOUL, SOUTH KOREA  
APRIL 30th — May 3rd, 1976**



## BACKGROUND.

At the 6th World Anti-Communist League Conference held in Mexico City in 1972, Mr. Patrick Walsh, former undercover agent for the Royal Canadian Mounted Police and Research Director for the Canadian League of Rights, conveyed a special message from Mr. Ron Gostick, Director of The Canadian League of Rights, drawing attention to the conspiratorial aspects of International Communism operating at economic, financial and policy making levels throughout the Free World, and urging that the Conference contribute to an exposure of this danger.

The 7th W.A.C.L. Conference, held in Washington, U.S.A., 1972 unanimously endorsed the following resolution:

**"WHEREAS, recent books and documents have revealed that international financial groups in the West have provided Western technology and industrial know-how to Communist countries; and**

**WHEREAS, this financial and technological help to these Communist countries has been instrumental in keeping the Communist Empire together and could be used instead to make the Communist Empire collapse from within;**

**THE SEVENTH W.A.C.L. CONFERENCE THEREFORE RESOLVES, that all relevant evidence be brought together in a comprehensive report, published by both the W.A.C.L. and W.Y.A.C.L. (youth section) and then widely distributed as a major part of an international campaign to insist that there should be no financial or technological assistance to the Communist Empire on the part of Free World countries until such time as the Communist leaders by their acts show that they are prepared to release their captive peoples."**

At the 8th. World Anti-Communist League Conference, held in Brazil in 1975, the Crown Commonwealth League of Rights was commissioned to prepare a Report on the subject of the financing of economic blood transfusions to the Communists, and to suggest a constructive programme for halting this suicidal policy.

Immediately following the Brazil Conference the Crown Commonwealth League of Rights started the research work necessary for preparing the requested Report. Early in the preparation of the Report it became obvious that there was such a mass of material concerning the financing of economic blood transfusions to the Communists that even with heavy condensation, a booklet was essential to do justice to the subject. This booklet was rushed into print at the last possible moment before the Conference in Korea and circulated to W.A.C.L. Chapters. A summary was also provided in Korea.

Even as the Report was being sent to the printers, further information was coming to hand concerning the flood of economic aid from the non-Communists to the Communist-dominated nations. A striking example of this aid is provided by the February, 1976 issue of "The International Monetary Consultant", produced by Mostelle International Consultants Inc. of New York, "The International Consultant" quotes from "China Spotlight", a Bank of America publication, as follows:

"Negotiations for millions of dollars worth of high technology oilfield apparatus are currently underway between Peking and half a dozen specialised Houston-based equipment companies. And over the past year, while debate focussed on China's capacity to become another world 'oil giant', contracts for similar equipment - along with the training to use it - have been quietly signed and fulfilled".

The policy of exchanging American technology for Chinese crude oil will undermine any American policy designed to provide energy independence.

"China Spotlight" also reports that "The major trade news of the final month of 1975 was the agreement between the British Roll-Royce Company for China to buy and eventually manufacture the Spey turbofan jet engine. The agreement ... calls for China to buy complete engines and eventually acquire the technology to build them under license ... Chinese engineers will undergo training at the Rolls engine division in England, while a number of Rolls engineers will be based in China".

Clearly the famous British Rolls-Royce Company, nationalised by a Conservative Government, is being put to work to build up Communist China's military potential.

In a resolution submitted by the British Chapter of W.A.C.L., The British League for European Freedom, to the W.A.C.L. Conference in Korea, attention was directed to the fact that after the American Congress had blocked a proposal to provide American credits for the development of natural gas in Western Siberia, Britain, France and West Germany had been invited to provide the credit so that American technology could be used to develop these gas reserves. The W.A.C.L. Conference called upon the Governments of Britain, France and West Germany "to block this attempt by the Russians to obtain trade credits and technological assistance..."

A vivid picture of the extent of Western economic blood transfusions to the Communists was provided - although perhaps not intentionally - by American Treasury Secretary William Simon in the January, 1976 issue of American Treasury Papers. Mr. Simon wrote: "In 1971, total U.S. exports to Communist countries amounted to less than \$400 million. In 1974, exports were \$2.3 billion, a more than 475 per cent increase in three years." Mr. Simon went on to show that America's "trade surpluses" with the Communist countries had increased by 665 per cent. in three years, commenting, "The favourable impact of this trade on our balance of payments and on the U.S. economy is obvious." The essence of the Simon viewpoint, which the Communists welcome is that the American economy can only operate successfully if America sends a flood of exports to its Communist enemies and only receives a trickle of imports in exchange. While those providing the credits for the exports, international financial groups like the Rockefellers, regard this type of economic bloodletting with satisfaction it is a policy of progressive surrender to Communism.

Both the committee considering the Crown Commonwealth League of Rights Report and the general assembly of the 9th W.A.C.L. Conference unanimously agreed that the Report be received and that it be authorised for "circulation, study and consideration of action by Member Chapters."

In a Paper on Psychological Warfare presented at the Korean Conference Mr. Ivor Benson, the National Director of the South African W.A.C.L. Chapter, well-known journalist and news analyst, drew attention to the massive "cover up" concerning the fact that the Soviet Union has been sustained from the beginning by massive economic blood transfusions from the West. Mr. Benson asks: "How has it been possible for the Soviet Union's mighty industrial machine to be installed down the years by Western Big Business and International Finance Capitalism? ... How are we to explain ... the consistent policies of all the Western governments concerned to permit this traffic in technology and finance so damaging to the free world? How are we to explain the enormous activity in the West, most of it depending on financial support, in many different spheres, all tending to facilitate Communist expansion? Areas of special importance are those represented by the mass media, including the radio and television networks, the universities and the trade unions.

"Moreover, how are we to explain a phenomenon of the West which can perhaps best be described as 'anti-anti-Communism' - in other words, the massive denigration of anti-Communist groups and individuals and the suppression of any news tending to exhibit Communism in its true light."

It is hoped that the international circulation of this Crown Commonwealth League of Rights Report by Chapter Members of The World Anti-Communist League will make a major contribution to answering the questions asked by Mr. Benson, and lead to effective action depriving Communism of those economic blood transfusions without which it must wither and die.

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## INTRODUCTION

There could be no better introduction to this report than an extract from Alexander Solzhenitsyn's New York Address, 1975:

"By a peculiar coincidence the very day I was giving my address in Washington (30th June 1975) Suslov was talking with your Senators in the Kremlin. And he said 'In fact the significance of our trade is more political than economic. We can get along without your trade'. That's a lie. The whole existence of our slave owners from beginning to end relies on Western economic assistance ... beginning with the first spare parts used to reconstruct our factories in the 1930's from the construction in Magnitostroy, Dneprostroy, the automobile and tractor factories built during the first five-year plans, on into the postwar years and to this day, what they need from you is economically absolutely indispensable - not politically but economically indispensable to the Soviet system. The Soviet economy has an extremely low level of efficiency. What is done here by a few people, by a few machines, in our country takes tremendous crowds of workers and enormous masses of materials. Therefore the Soviet economy cannot deal with every problem at once: war, space (which is part of the war effort), heavy industry, light industry, and at the same time the necessity to feed and clothe its own population. The forces of the entire Soviet economy are concentrated on war, where you won't be helping them. But everything which is lacking, everything which is needed to fill the gaps, everything which is necessary to feed people or for other types of industry, they get from you. So indirectly you are helping them to rearm. You're helping the police state ...

"A prominent American citizen has quite rightly said that it is not loans which the United States gives to the Soviet Union, it is economic assistance. It's foreign aid. It's given at a level of interest that is lower than what American working men can get for their home mortgages. That is direct aid."

Solzhenitsyn threw the spotlight on the most fundamental aspect of the Communist question, an aspect which for over half a century has been deliberately obscured. From time to time items of news have appeared concerning the Soviet's complete dependence upon the non-Communist world for survival. But very few studies have been made in depth. The most thorough and authoritative of these is that of Professor Antony Sutton, British-born research expert whose works under the title, **Western Technology and Soviet Economic Development**, have been published in three volumes by the Hoover Institute at Stanford University. The first volume was published in 1968. Sutton thoroughly documents the fact that there is no such thing as Communist technology - only Western technology on Soviet soil. He shows that 90-95 per cent of Soviet technology since 1918 has come from the West, which has provided everything from copper wiring and motor vehicles to combat tanks, missile equipment and computers. As will be shown, attempts to suppress Sutton's revelations provide further evidence of the sinister relations between international financial and other groups, and the Communists.

The enormity of the West's aid to the Soviet has been highlighted by the recent revelation that the Soviet was only able to develop its ultimate military weapon, the **MIRV** warhead, as the result of the sale of technology by the U.S.A. Switzerland and Italy. This revelation was the result of a debate between the US Defence Department and its former chief of Intelligence Major General Daniel Graham. The Department denied that the Soviet

development of the MIRV warhead only came as a result of the US selling high precision ball-bearing machines, but stated that the former US ban on the sale of the machines had been lifted in 1972. The Pentagon explanation was that "over the years the Europeans began producing comparable ball-bearing grinders and several companies (Italian and Swiss) were selling them to the USSR". Then came the incredible comment that the American ban had been lifted in 1972 because the Soviet had access to European technology - and that to withhold American supplies would cost American manufacturers money! The Pentagon's chief researcher, Malcolm Currie, reports that, if present trends continue, "the Soviet Union can achieve dominance in deployed military technology in the late 1970s."

The above information suggests that this Report might be titled **Suicide or Treachery?** Clearly it is a case of a combination of both suicide and treachery. Genuine anti-Communists must oppose both.

In preparing this Report it soon became clear that we could only present a broad, although very clear picture of the situation threatening what is left of the non-Communist world. There are some very surprising features of the picture. Brazil's trade with the Soviet Union had reached \$200 million by 1974, at which stage a spokesman for the anti-Communist Government said that it was aimed to double this amount and to increase trade with all Communist nations. Even Spain signed an agreement with Poland in 1975 to obtain coal. On his return from Poland, Spain's Minister of Commerce, Jose Luis Ceron, said that this was "the most important economic bilateral agreement established by Spain with another country". Ten Spanish companies signed an agreement to increase steel production from 643 tonnes to over 2 million tonnes. Spain agreed to deliver to Poland a minimum of \$65 million in iron and steel products, plus another \$60 million in goods, while Soviet agents attempt to subvert Spain, Spain is increasing citrus fruit exports to Soviet-bloc nations.

Although elected as a strong anti-communist Government in December 1975, the Australian Fraser-Anthony Government has made it clear that it proposed to continue exporting food to Communist China. Australian-made cane cutting machines have been sent to Castro's Cuba, freeing thousands of Cuban cane cutters for other activities - perhaps in the Cuban armed forces in Angola? A member of the New Zealand Wool Board has given details of how the International Wool Secretariat, one member nation being strongly anti-Communist South Africa, has been assisting the Soviet Union with technology relating to the wool industry.

The Soviet Union has the biggest and most modern fishing fleet in the world. Western intelligence sources claim that this fleet is also used for Soviet intelligence purposes. Most of this fleet has been built in the West, much of it in West German shipyards.

The evidence before us indicates that detente has been used to increase the flow of food and technological aid to the Communists, both in the Soviet bloc and Communist China. Like the Soviet Union, Communist China is relying heavily upon the non-Communist nations to help with desperately required food and technology. When President Ford made his 1975 visit to Communist China he was accompanied by a group of American oil experts. Eminent American columnist Paul Scott reported that President Ford encouraged the Chinese Communist leaders "to take advantage of American technology to spur faster development of that nation's rich oil resources. The suggestion was that if a deal satisfactory to both governments could be worked out in the field that other advanced US technology would then be made available to the

Chinese ...." (vide The Wanderer U.S.A. December 25, 1975.)

Students of Communist dialectics understand how conflict between Moscow and Peking is used to promote the overall Communist advance at the expense of the non-Communist world.

The desperate plight of the non-Communist world may be judged by the fact that as the rate of the global advance of Marxism has increased, with the Communists' aggressive intentions more obvious the flow of economic blood transfusions to the Communists has also increased. On October 19, 1972 American Secretary of State, William Rogers announced the signing of a new Soviet - U.S.A. trade agreement designed to treble trade over the next three years. But in spite of increased aid, early in 1975 the Soviet leaders blatantly repudiated the agreement, making it clear that, while the subject of emigration from the Soviet was ostensibly the cause of the break, they wanted a bigger flow of low-interest credits.

Our investigations reveal that in recent years Soviet imports of technology and food from the non-Communist world have increased dramatically. Imports have been through inter-governmental agreements or through agreements between the Soviet State Committee for Science and Technology, making agreements with individual companies in the non-Communist nations. Bilateral trade talks have been conducted between the Soviet Union, France, Great Britain, West Germany and Italy. Because of lack of a formal peace agreement with Japan, Soviet imports from Japan have been proportionately less than from other countries. But this situation is changing. Japan is supplying gas and oil pipelines for the major Soviet project of developing Siberia. In January 1976 a Japanese mission left for Moscow hoping to win a Soviet order for ten nuclear electric power generating plants worth at least \$1330 million (U.S.) Although it is proposed that the plants be built by a consortium of Japanese plants over five years, the U.S.A. would be an indirect participant because Japanese technology for generating electricity by nuclear methods is based on technical agreements with American companies. The Soviet requires the generating plants for their tenth five-year plan, starting in 1976.

In February 1976, the Japanese Export-Import Bank announced the signing of a contract to provide the Soviet Union with \$399.7 million in loans for the purchase of Japanese ammonium plants and steel pipes. The bank said that \$238 million would be used to import four ammonium plants and the remaining \$161.7 million would be set aside to import 500,000 tons of large diameter steel pipes.

The fundamental nature of the dilemma threatening the non-Communist world is pinpointed in the following report from The Review of the News (U.S.A.) March 19, 1975: "New York, March 6th - Officials of the Bank of America confirm that the bank has offered to form a banking syndicate to lend \$500 million to the Soviet Government to finance imports from the United States. The proposal was made by A.W. Clausen, President of the Bank, at a February 20 meeting of the U.S. - U.S.S.R. Trade and Economic Council in Washington. **BANK OFFICIALS SAY THAT THE SYNDICATE PROPOSAL WOULD HELP TO COUNTERACT THE RECESSION IN THE U.S. ECONOMY, IMPROVE THIS COUNTRY'S BALANCE OF PAYMENTS, AND HELP BANKS TO MAKE ADDITIONAL LOANS 'FOR PRODUCTIVE PURPOSES AT A TIME WHEN AN INCREASE IN UNITED STATES PRODUCTION IS NEEDED'.** (Our Emphasis)

This statement is in essence an endorsement of the Marxist doctrine that the free-enterprise system contains the seeds of its own destruction, and that it is driven by "inexorable laws" to attempt to protect itself by closer economic links with the "Progressive Socialist States".



The Soviet leaders' contempt for the West which sustains them may be judged by the fact that while negotiating further grain supplies from the U.S.A. they were planning their major military thrust into Angola, Africa. This recalls how when South Vietnam was in its death throes in April 1975 and President Ford was wringing his hands, his own Administration was authorising the sale of another batch of the latest American computers to the Soviet Union. While Dr. Henry Kissinger was giving the Soviet a gentle slap on the wrist about their intervention in Angola, using Cuban troops, Soviet grain buyers were, in February, 1976 "sounding out" the Americans on whether they could increase their order of 13.3 million tons of corn and wheat late in 1975 to 17 million tons. Spokesmen for the U.S.A. Agriculture Department said they had no objections to the proposed increase in Soviet buying. President Ford personally gave Agriculture Secretary Earl Butz permission to authorise new sales to the Soviet as part of a strategy to woo American farmers. Western politicians regard votes as more important than the supplying of economic blood transfusions to an enemy pledged to conquer the whole world.

Our investigations show beyond all argument that the major feature of Marxist strategy is economic warfare, and that it relies upon a progressive disintegration of non-Communist societies from within and their increasing dependence upon exports to the Communist-dominated nations. No understanding of Marxist economic warfare is possible without an understanding of the role of financial policy. The non-Communist nations must continue to retreat until such time as they adjust their internal financial policies to end mounting debt, crushing taxation, eroding inflation and the inevitable result of increasing conflict between employers and employees.

We have divided this Report into five parts: Evidence showing that the Soviet Union has been sustained from its beginning by economic blood transfusions from the West: The financing of the Bolsheviks by International Finance: The destructive role of the Fabian-Marxists inside the non-Communist nations; Suggestions for a realistic anti-Marxist financial policy; and a Proposed Statement of Principles by the World Anti-Communist League.

## FINANCING ECONOMIC BLOOD TRANSFUSIONS TO THE COMMUNISTS

The first principle of warfare is: "Know your enemy". Knowing an enemy requires study of his strategy and tactics. We know that the Communists believe that they are engaged in war because they have told us they are. Judged by the present state of the world, it must be admitted that the Communist advance has progressively accelerated since Lenin, Trotsky, Stalin and their fellow Bolsheviks seized control of Russia in 1917. The Communists now openly boast that they are within sight of complete victory - World Dominion. And they claim that their advances have demonstrated the "superiority" of Communism. Not surprisingly, large numbers of people have come to believe that perhaps Communism is "the wave of the future" and that they might try to "co-exist" with it rather than make futile resistance.

But this study will show that the dramatic advances of Communism have not been the result of its superiority, but have only been possible because the non-Communist world has been betrayed from within. And this treachery has been masked by one of the greatest propaganda hoaxes in recorded history. How often do we hear the following type of statement: "I am not a Communist, but we must admit that the Communists took over a primitive Russia, and in the face of bitter opposition from the capitalist world, have progressively built up a modern industrial State, given the people a much higher standard of living, with the result that, whether we like it or not, the Soviet is now a super-power with which we must learn to live. The Chinese Communists are also bringing progress to the Chinese people."

Both Communists and Non-Communists believe that International Communism and International Finance are at opposite ends of the political spectrum. Let us start to separate fact from fiction with the following extract from an article by a well-known American, in the **New York Times** of August 10 1973: "One is impressed immediately by the sense of national harmony..... Whatever the price of the Chinese Revolution, it has obviously succeeded in producing a more efficient and dedicated administration .... also in fostering high morale and community of purpose..... The social experiment in China under Chairman Mao's leadership is one of the most important and successful in human history."

These and similar views on Communist China are not those of an American Communist or some gullible liberal politician, but those of Wall Street international financier Mr. David Rockefeller, Chairman of the Chase Manhattan Bank, after he had visited China for the purpose of establishing the first Western bank for 24 years. From the comfort and luxury of his board room, Mr. Rockefeller describes as "successful" one of the most inhuman and oppressive systems in history, matching only the criminal regime imposed by the Moscow Communists. Mr. Rockefeller, also Chairman of the influential Council on Foreign Relations, is a long-time advocate of closer trade links with the Communist countries. As far back as 1955 David Rockefeller was saying that it was politically foolish to ignore Communist China. He has also established his bank in Moscow, at the most prestigious site: 1 Karl Marx Square. As will be seen, there is nothing new about Wall Street international financiers providing credits for the Communists; this has been going on from the beginning of the Marxist movement. And those credits have enabled a lifegiving flow of economic blood transfusions from the non-Communist nations to the Communists. Without those bloodtransfusions there would be no Soviet or Chinese Communist threat today.

Food is not only the basis of life, but adequate supplies of food are essential for a stable society and the development of civilisation. "Backward" Russia under the Czars was the granary of Europe. Between 1894 and 1913 Russia doubled its grain production and at that stage production of the principal cereals was one-third greater than that of the Argentine, Canada and the U.S.A. together. (Vide **The Territorial Imperative** by Richard Ardrey 1967). After over 50 years under Communism the Soviet Union cannot feed itself and by late 1975 was threatened with another major grain shortage which required massive Western supplies. Collectivised farming in Communist China has been as disastrous as in the Soviet Union, with the non-Communist nations providing the food necessary to prevent mass starvation. What a vastly different situation in Taiwan where an increasing number of farmers own their own properties and produce abundance.

At least one major western paper, the British morning paper, **The Telegraph**, has had the courage to draw attention to the real meaning of Western food exports to the Soviet. In its editorial of December 5 1975, **The Telegraph**, London said:

"The West, mainly America, is sustaining Russia's Domestic economy in order that Russia may continue to spend an exorbitantly high proportion of her resources on arms. It is not only for food grains that Russia relies upon the West. She is also increasingly dependent on Western Technology for production of consumer goods and exploitation of natural resources. All because the money is pouring all the time into her vast armaments industry. What is wrong with this picture, as they say in the picture books?

If the West has to feed Russia, and help out her backward, under-financed domestic economy, (through absurdly low-interest rate loans), is it right that it should be done regardless of Russia's great arms build up?

This, of course, is exactly what the Soviet leaders mean by 'detente'. You sell us the food and car production lines, so that we can build up the arms with which to clobber you. That is detente for Mr. Brezhnev."

Well might a British newspaper comment in this manner. British Governments, Labor and Conservative have a long record of providing aid and comfort to the Soviet Union.

For example, six months after a British Conservative Government had been elected in June 1970, an announcement was made in Moscow that a United Kingdom - U.S.S.R. Inter-Governmental Commission for co-operation in Applied Science, Technology, Trade and Economic Relations had been formed. A week after this announcement, *The Times*, London on January 16, 1971, carried a picture of a smiling British Minister, Mr. John Davies, (the then Secretary of State for Trade and Industry) talking to Vladimir Kirillin, the Soviet Deputy Prime Minister and chairman of the State Committee for Science and Technology at the second plenary session of this newly-established Commission.

Under a so-called anti-Communist British Government, the Inter-Governmental Commission proceeded to discuss co-operation on thermonuclear power and electricity transmission, the design of aircraft, production of protein from paraffins and the design of plant for this, automated sprinkler irrigation systems for grain and fodder crops, and articulated lorries powered by gas turbines. This latter project is separate from the Kama River project, which we deal with later, on which Mr. Kirillen said there was immediate scope for British welding and painting techniques.

*The Times* of London in its issue of January 27, 1976, published a report which revealed that there has been no slackening of British blood transfusions to the Communist Empire. The report read: "The Export Credits Guarantee Department has guaranteed two \$10m lines of credit which have been made available to Vneshtorgbank, the foreign trade bank of the Soviet Union. Morgan Grenfell & Co. arranged one line in conjunction with Lloyds Bank and further credit was arranged by Lloyds acting on its own behalf. The loans will help finance a wide range of capital goods and associated service contracts placed in the United Kingdom by Soviet buyers....."

While the Communist system can, with the aid of the non-Communist nations, partially mask its failures in the industrial sector, it cannot as readily do so in the agricultural sector. Both Soviet Russia and Communist China have had to rely heavily upon the non-Communists to feed them. Glowing Communist propaganda has claimed that the "pure Communism" of China has succeeded. But the "big leap" movement concerning backyard steel production was a disaster, while 1961 saw a major collapse of the Chinese communes and food production. Since then China has been buying wheat from the major wheat-producing nations, with Canada the biggest supplier. It was under the Diefenbaker Conservative Government that Canadian wheat sales to China were substantially increased. In 1962, when China attacked India, Canadian Agriculture Minister Hamillton said: "As a government we intend to sell food to any nation regardless of the colour of their skins, their religious beliefs, or even their politics." That is the type of statement which sounds like music in the ears of the Communists, convincing them that Western politicians are as decadent as they claim them to be. And those non-Communist nations providing Communist China with food never ask just how much good soil in Communist China is being used to grow poppies for Peking's drug business.

Soviet imports of food from non-Communist nations have increased steadily over the years.

Over the five years from 1970 to 1975 the Soviet Union imported a total of 52.2 million metric tons

of grain products. The major suppliers were Canada, the U.S.A. and France. Up until 1972 Canada had been the chief supplier, with France providing minor amounts. In 1972 the U.S.A. joined in the selling of grain to the Soviet. Soviet grain imports increased dramatically from 1972 onwards. In 1971 the total imports were 3.5 million tons. In 1972 the figure soared to 15.5 million tons. Of this amount the U.S.A. provided 7.2 million tons. 1973 was the year of what came to be known as "The Great Grain Robbery", when Soviet grain imports jumped to 23.9 million tons, the whole increase being the result of heavily-subsidised American sales fostered by President Richard Nixon and Dr. Kissinger.

It should be recorded, however, that the Soviet re-exports grain for both economic and ideological reasons. Even in the early thirties when there was mass starvation resulting from forced collectivisation of farming, the Soviet was exporting grain. From 1969-74 the Soviet imported a total of 52.2 million metric tons of grain and grain products and exported 30.5 million metric tons.

Like the Soviet Union, Communist China has also exported food to obtain foreign capital. In 1966 R.J. Rao, Indian High Commissioner to Canada described how China had bought rice from Burma to sell to Ceylon. It is an effort to buy political influence, said Rao "to place nations under threat as well as an obligation. It is also to earn foreign exchange, to meet its own requirements for armaments and factories to serve the huge military machine." (vide **Canada Month** January 1966).

With the naked Soviet annexation of Eastern Europe at the end of the Second World War, the Communist coup in Czechoslovakia in 1948, the Communist victory in China followed by the Korean War, anti-Communist public opinion in the West made major trade deals with the Communists rather difficult. However, with the victory of Khrushchev in the Soviet following the death of Stalin the situation changed.

Khrushchev's dramatic visit to the U.S.A. in 1959 was clearly designed to make arrangements for a much greater flow of economic aid from the U.S.A. In an address upon returning to Russia, Khrushchev said: "The imperialistic fear that the liquidation of the cold war, the elimination of international tension may affect their profits.... We have been telling them and still tell them: 'Reshape your economy in a way to serve peaceful purposes. We shall help you in that. We shall place our orders with you'. He went on to say that, of course, dollar credits would be necessary.

The immediate result was that the groups which had consistently supported the Soviet Union from the beginning increased their pressure for greater credits and exports for the Soviet - now allegedly "mellowing" as a result of Khrushchev's "peaceful co-existence". Mr. David Rockefeller, using the Council on Foreign Relations, was prominent amongst those calling for greater exports, not only to the Soviet Union, but also to Communist China. In 1964 Mr. David Rockefeller took his annual vacation in the Soviet Union. On October 7, 1966 President Lyndon Johnson was announcing that he was going to press for "legislative authority to negotiate trade agreements which could extend most-favoured-national tariff treatment to European Communist States." A week later the American press was reporting that the Johnson Administration had taken steps to enable an increased flow of economic aid to flow to the Communist nations. The war in Vietnam was not permitted to interfere with help to the Soviet enemy.

On January 16, 1967, headlines in the **New York Times** announced that the campaign for promoting greater aid to the Communists was under way. The **Times** article stated: "An alliance of family fortunes linking Wall Street and the Midwest is going to try to build economic bridges between the free world and the Communist Empire. The International Basic Economy Corporation, controlled by the Rockefeller brothers and Tower International Inc. headed by Cyrus S. Eaton Jnr., Cleveland financier, plan to co-operate in promoting trade between the Iron Curtain countries, including the Soviet Union...." Cyrus



Eaton was born in Nova Scotia, Canada, began his career with John D. Rockefeller, Snr, and is best known for the series of "Pugwash Conferences", these all aimed at integrating the Communist and non-Communist nations. He worked hard to bring about American recognition of Communist China. He was, naturally enough, awarded the Lenin Peace Prize.

The Times article continued: "Last month, Tower International reached a tentative agreement with the Soviet patent and licencing organisation, Licensintorg, covering future licencing and patent transactions. Until now, Mr. Eaton said, the Russians had left the buying and selling of licences and patents to the Amtorg Trading Corporation, the official Soviet agency in this country for promoting Soviet-American trade." This meant that Eaton, Rockefeller and their associates were establishing a monopoly on the transfer of technological information to the Soviet Union.

The campaign to increase American exports to the Soviet was given yet another impetus with the election of President Nixon in 1968 and Nixon's immediate appointment of Dr. Henry Kissinger, the Rockefellers' "international messenger boy", as his top adviser. "Detente" became the new in-term. Hard on the heels of the Nixon visit to the Soviet Union in 1971, when Nixon and Brezhnev reached a number of trade agreements, came the report in sections of the North American press on January 28, 1972, concerning a three-day conference between 200 Western and Japanese bankers and industrialists with 100 "businessmen" from the Soviet bloc, in Warsaw. The purpose was more trade, which in essence meant more economic blood transfusions for the Communists.

By October 1972, a report from Washington stated that the United States and the Soviet Union had agreed to treble trade over the next three years. The Soviet war-time lease-lend debt was written off. Secretary of State William Rogers said that the agreements "created a climate for peace in the world". The agreement called for an increase in trade to at least \$1,259 million. Export-Import bank credits could be used to make purchases of American machinery, agriculture, industrial products and consumer items.

An estimated 26 Western loans were made to the Soviet bloc during the second half of 1972, 47% of these to the Soviet Union. One interesting result was that Rohe Co. New York was able to instal 500 petrol stations in the Soviet Union and to provide other equipment for the Soviet bloc. Head of Rohe Co., was Henry Kissinger's brother, Walter, who said that "Our aim is to be the world leader in repairing and servicing automobiles." That symbol of "American imperialism", Coca-Cola, detested by all Communists, was given exclusive rights in the Soviet Union.

On September 10th, 1973, a syndicate of 10 American banks announced the signing of an agreement with the Soviet Bank for Foreign Trade to provide \$100 million to finance construction of a fertiliser complex 350 miles south-east of Moscow. According to a statement made at the time by the Bank of America, the loan was to be matched by the U.S. Export-Import Bank for the exporting of U.S. equipment and materials to build the fertiliser complex. The following banks were listed as participating in a projected 11-year programme of financing: Bank of America, Chemical Bank, New York Manufacturers Hanover Trust Company, New York; Morgan Guaranty Trust Company, New York; Frankling National Bank, New York; Western Pennsylvania National Bank, Pittsburgh; Bank of New York; National Bank of Detroit; First Western Bank and Trust Company, Los Angeles; and the Industrial National Bank of Rhode Island, Providence.

Closely associated with this deal was Occidental Petroleum Company of Los Angeles. This organisation is of special interest because it is headed by Dr. Armand Hammer, sometimes described as "the capitalist all Russians love". The Hammer family has had close links with the Soviet Union from the beginning of the Communist regime. Dr. Armand Hammer has been a major business contact in the West for the Soviet leaders. In recent years Dr. Hammer flies regularly between Los Angeles and the Soviet Union in his \$4 million private plane.

Late in 1974 Dr. Hammer signed another big agreement with the Soviet, to provide \$20 billion of phosphate from Florida. This mineral can be used to produce explosives.

Review of the News (U.S.A.) of March 26, 1975, carried the following report: "Moscow - March 12, Officials of Gould Inc., a Chicago based company sign a \$47 million contract with the Soviet Union today to supply the U.S.S.R. with a complete automotive bearings factory and to train Soviet engineers in Cleveland. When the factory is completed it will produce 60 million bearings annually for trucks, tractors and automobiles. According to the officials, Gould, which has been supplying copper foil to the Soviet Union since 1967, began discussions for the bearings plant in 1969. The deal is the second between the Kremlin and an American company this year. On February 14, Intertex International Inc. a New York Company, signed a \$23 million cash deal to provide machinery for synthetic fur fibre factories."

The Canadians have, apart from their support for Tito's Yugoslavia and Castro's Cuba, also helped to keep the Soviet Empire operating. The Star, Toronto, of May 10, 1975 reported that the Trudeau Government had agreed to lend the Soviet up to \$500 million over the next two-and-a half years for the purpose of buying Canadian goods. The report read: "The loans are to be made by the Export Development Corporation, a federal agency that lends money at low interest to foreign buyers in return for commitments to purchase Canadian goods." This was the biggest loan commitment ever made by the Corporation. The Star report revealed that over the previous two years Canada had exported to the U.S.S.R. goods worth \$319 million, receiving in exchange goods worth only \$46 million. According to orthodox financial spokesmen, this is a desirable state of affairs, providing a "favourable balance of trade". But in reality it means that the Communists receive far more goods and other assistance than they provide. Credits for the Communists are created in the non-Communist nations, as a debt which non-Communists taxpayers are responsible for. The Communists obtain goods and services for the credits, leaving the non-Communists with the debts!

A New York Times report, quoted in The Province, B.C. Canada, September 1975, said that the Soviet Union was running a mounting deficit in its trade with Western countries and Japan. The report stated that in the first half of 1975 Soviet imports exceeded exports by more than \$1.4 billion with the four major trading partners - West Germany, Japan, France and the U.S.A. These figures did not include the estimated \$2 billion in new Soviet grain purchases from the West. The figures were provided from Western commercial sources in Moscow.

The Washington Observer of February 1, 1976, quotes Soviet Foreign Minister, Nikolai Patolichev, as making the highly significant observation in the English-language monthly, Soviet Union, that "the continuation of the U.S. trade with the U.S.S.R. will damage first and foremost the interests of the United States itself."

Lenin said that the creation of the United States of the World required the development of an international economic system. The more the non-Communist world develops its economies to provide economic blood transfusions for the Communists, the easier it becomes for the Communists to apply pressure to the non-Communist economies.

We have mentioned the major research studies of Dr. Antony Sutton concerning Western technological and industrial aid to the Soviet Union. But when what has been described as the most significant work for the past 50 years started to be published, it was generally ignored. However, a few Members of the Republican Party grasped the vital importance of Sutton's research work with the result that he was invited to testify before a sub-committee of the Platform Committee of the Republican Party at Miami Beach, Florida, on August 15, 1972. We are informed that many of those who heard Sutton found it a most shattering experience, which is not surprising when they were told that President Nixon, the man they were planning to re-elect in November, was permitting American troops in Vietnam to be killed with American technology. If it had been adequately publicised, Sutton's testimony would have caused a national sensation and had a major impact on the elections.

Sutton made his position clear at the beginning by stating that he was not a politician and that his responsibility was to present facts. He was not concerned about whether his listeners liked or disliked his facts. After pointing out that he had spent ten years in research on Soviet technology, he then proceeded in a short fifteen minutes to drop bombshells such as the following:

There was no such thing as Soviet technology. "Almost all - perhaps 90.95 per cent came directly or indirectly from the United States and its allies. In effect the United States and the NATO countries have built the Soviet Union. Its industrial and its military capabilities. This massive construction job has taken 50 years .... It has been carried out through trade and the sale of plants, equipment and technical assistance.... The United States is spending \$80 billion a year on defence against an enemy built by the United States and West Europe. Even stranger, the U.S. apparently wants to make sure this enemy remains in the business of being an enemy."

"The Soviets have the largest merchant marine in the world - about 6000 ships. I have the specification for each ship. About two-thirds were built outside the Soviet Union. About four-fifths of the engines for these ships were also built outside the Soviet Union."

"About 100 Soviet ships are used on the Haiphong run to carry Soviet weapons and supplies for Hanoi's annual aggression. I was able to identify 84 of these ships. None of the main engines in these ships was designed and manufactured inside the U.S.S.R. All the larger and faster vessels on the Haiphong run were built outside the U.S.S.R."

"All Soviet automobile, truck and engine technology comes from the West." The Gorki organisation, built by the Ford and Austin companies, produced most of the trucks used to carry Soviet-supplied military equipment down the Ho Chi Minh trail. Automobile factories can also be used to build tanks."

Antony Sutton summarised his testimony with his charge that 100,000 Americans had been killed with American technology, adding "The only response from Washington and the Nixon Administration is the effort to hush up the scandal." No wonder the Republicans listening felt chilly! While they could not argue against Sutton's charge that "You do not subsidise an enemy", they also feared that Sutton was right when he said that "when this story gets out and about in the United States, its going to translate into a shift of votes." It was therefore essential to ensure that as far as possible the story did not get publicised. Political survival and party loyalties were much more important than trying to expose a treacherous policy of aid to an enemy killing American troops.

But what about the news media? Surely the Sutton exposure was news by any standard? Both the two major American wire services UPI and AP received copies of the Sutton testimony. Both suppressed it! And the media generally has ignored Antony Sutton's book *National Suicide* (1973) in which he

tells the whole dreadful story of how the Soviet has been built up by the West over fifty years.

In a testimony presented to the United States of America House International Trade Sub-committee of the Banking and Currency Committee, on April 24, 1974, Sutton said that "About 1968 I became concerned with our policy of technical assistance to the Soviet military-industrial complex, a policy denied by the State Department, and some Members of Congress. This technically subsidised Soviet economy was providing about 80 per cent of all supplies to North Vietnam and U.S. troops were being killed in Vietnam. I made numerous attempts to bring the problem to public attention .....

"... none of these efforts on my part had any recognisable impact. Therefore, in late 1972 I put together the information immediately at hand into a book: **National Suicide: Military Aid To The Soviet Union**, published by Arlington House in New York." This was in October 1973.

**National Suicide** published as an appendix Sutton's testimony before the Republican Party Platform Committee in August 1972. Also given are the specifications of the ninety-six Soviet ships identified transporting weapons and supplies to North Vietnam, 1966-1971. Sutton tells the whole dreadful story of how the Soviet has been built up over fifty years. He names firms, organisations and Presidents. **National Suicide** has been generally ignored by the media. It is too explosive, even for those self-proclaimed "fearless" journalists who are allegedly searching for the truth.

**National Suicide** was also too much for some professed anti-Communists. In his Testimony before the American Banking and Currency Sub-Committee, Sutton revealed how, after **National Suicide** came to the attention of the Hoover Institution, "I immediately - and I mean immediately - came under considerable criticism and hostility for publishing the book. My name was removed from my position as Research Fellow at the Hoover Institution. My hasty conversion into a non-person was so complete that the third volume of my Hoover series, which was then in press, had its dust jacket changed to read 'was a Research Fellow at the Hoover Institute from 1968 to 1973'."

Sutton had commented that his shameful treatment by the Hoover Institution because of his protests against American military aid to the Soviet Union "parallels the police state tactics of Hitler's Germany and is a pitiful state of affairs to encounter at one of this country's great universities."

Sutton effectively disposes of the argument that it is possible to have "peaceful" trade with the Soviet Union. Automobile manufacturing organisations can also be used for producing a variety of military vehicles. The Gorki organisation, for example, built under the guise of "peaceful trade", produced in 1964 the first Soviet wire-guided anti-tank system. Western-provided tractor plants have been used to produce Soviet tanks. Technological assistance to the Soviet to produce chemicals for agriculture has in fact meant vital assistance to the Soviet munitions industry.

Antony Sutton says "let's take a look at the Soviet industry that provides the parts and materials for Soviet armaments; the guns, tanks, aircraft. The Soviets have the largest iron and steel plant in the world. It was built by McKee Corporation. It is a copy of the U.S. steel plant in Gary, Indiana. All Soviet iron and steel technology comes from the U.S. and its allies. The Soviets use open hearths, American electric furnaces, American wide strip mills, and so on - all developed in the West and shipped as peaceful trade.

"The Soviets have the largest tube and pipe mill in Europe - one million tons a year. The equipment is Fretz-Moon, Salem, Aetna Standard, Mannesman, etc. All Soviet tube and pipe making technology comes from the U.S. and its allies. If you know anyone in the space business, ask him how many miles of tubes and pipes go into a missile."



Perhaps the classical example of what "peaceful" trade with the Soviet means was provided by the U.S. State Department's approval that Burmeister and Wain of Copenhagen, Denmark should provide the Soviet with technical assistance for the manufacturing of diesel engines. These engines were used in the ships which carried Soviet nuclear missiles to Cuba!

Early this century the Baku oil field in Russia was producing more than a half of the total world output of crude oil, but the Bolshevik Revolution resulted in a halt to all drilling. As Sutton points out, by 1922 half the wells were idle and the others were producing increasing quantities of water. The Soviet imported "massive" quantities of equipment from the American firms of International Barnsdall Corporation and Lucey Manufacturing Company. Rotary drilling methods introduced by Barnsdall "increased speed drilling by a factor of ten and reduced costs by more than one-half between 1924 and 1928." The Soviet granted a number of foreign companies concessions to develop Soviet oil fields. Nineteen large oil refineries were constructed in the Soviet between 1917 and 1930, but only one of these contained units manufactured in the Soviet. The electrical equipment was supplied largely by General Electric.

By 1923 a number of foreign oil companies, including Standard Oil, were purchasing Soviet oil. In 1927 Standard of New York built a kerosene factory at Batum, leasing it back from the Soviet to supply Standard markets in the Near and Far East markets. Standard was one of John D. Rockefeller's creations. Closely associated with Standard Oil and other Rockefeller concerns was Jacob Schiff of the Wall Street banking firm of Kuhn, Loeb and Company.

One of the frankest reports concerning the Western nations' massive contribution to the expansion of the Soviet's industrial capacity, appeared in **Industrial World (U.S.A.)** of January 1975. The report is complete with photographs and deals with the Soviet Union's Kama River heavy truck plant. It is estimated that the plant will by the end of 1978 be producing 150,000 trucks per year, more than all American heavy truck producers put together.

The following are extracts from the **Industrial World** article:

"In size, capacity and cost the Soviet Union's Kama River truck plant will surpass every other automotive plant built in the world .... A vital part of the project is a big diesel plant, designed by Renault. It is projected to make 250,000 engines a year and will utilise 248 production lines, involving 3147 machine tools. This plant alone is expected to employ 18,500 workers."

"The total project includes five major areas: metallurgical facilities, engine plant, assembly plant, machining and repair and computer operation and is said to include 2250 machine tools."

"The annual steel requirements of the new plant will be about 1-2 million tonnes. About half of this will be used in the huge metallurgical centre to produce both ferrous and non-ferrous castings. For the foundry shop, Swindell-Dessier of Pittsburgh, Pennsylvania, is providing \$42.6 million work of equipment and designs, including nine 50-tonne capacity electric arc furnaces as well as eight 75-tonne electric holding furnaces."

"According to a report of the Chase World, Information Corporation, a subsidiary of the Chase Manhattan Bank of New York, 'The total value of purchases of technology for Kama from the Western countries will exceed \$1 billion.'"

"The largest single order of some \$200 million went to Liebherr of West Germany for the transmission plant. Other orders have gone to the suppliers in the U.S.A., France, Japan. Italy as well as East European countries."

"U.S. Companies are involved in some 131 contracts involving \$450 million worth of equipment and services. As a result of these sales the Soviet Union in 1974 became the second ranking customer - after Canada - for U.S. machine tools."

"The most valuable and largest single order for U.S. machine tools is a complete engine block machining line supplied by Ingersoll Milling Machine Co. of Rockford, Illinois. 'Eventual price tag on the huge 610 metres long transfer line is expected to exceed \$20 million', said Edson J. Gaylord, Chairman of Ingersoll, at a press conference in Chicago."

"The line consists of 26 sections, involving some machine tools and about 900 spindles. The emphasis is on reliability and maintainability and involves more in-process gauging than any line Ingersoll has built to date. Tool adjustment is automatic for all critical finishing operations."

"Since the Soviets wanted only proven technology used, it does not include programmable controllers or computer monitoring. However, computer simulation was used in the design of the line and to spot potential bottlenecks."

"Although Ingersoll hold total responsibility for the large engine line, other U.S. machinery makers supplied components. These included Colonial Broach, Centrespray, Ingersoll-Rand and Micromatic Hone. The 50-cycle, 3800 volt motors, used on the line, were supplied by Siemens of West Germany. Electrical switches came from Telemechanique of France."

The giant Kama River project can in fact be seen as a joint project by the major industrial nations of the non-Communist world. Before 1968 Western construction of Soviet truck plants was termed "peaceful trade." But by the end of 1971 the American Chamber of Commerce was openly admitting that the Kama project had military potential. Massive loans have been made available by the American Export-Import Bank (\$86.5 million by 1973). Mr. David Rockefeller's Chase Manhattan Bank of New York anticipated that it would grant loans up to \$192 million for the project.

An examination of the Soviet's trade relations with its Eastern European satellites throws further light on how the West assists the Soviet. Most of the Soviet's external trade is with other countries, but the "Socialist brothers" invariably suffer as a result of the policies of "Big Brother." For example, the Soviet exploited rising world oil prices to turn a massive deficit with Eastern European Communist nations into a billion dollar credit during the first 9 months of 1974. Without any prior consultation the Soviet doubled the price of its oil from \$3 a barrel to \$6, demanding that the Eastern European bloc pay in "hard" Western currencies. Much of this currency has been obtained in loans from the West.. In fact Eastern Europe has desperately required Western loans to survive.

In 1963 the U.S.A. and Common Market countries had provided Eastern European countries with \$41.6 million. A decade later Eastern Europe received \$9.1 BILLION in Western credits, in 1975 the Eastern bloc's total trade deficit had increased to \$14.3 billion. In one year, 1973, Hungary borrowed \$70 million from the West. Czechoslovakia has increased enormously its imports of sophisticated Western industrial equipment, all financed by loan credits from the West. Poland now owes the West \$2.6 billion. The latest available information concerning Western credits for Eastern Europe for the year 1974, reveals that the West extended a massive \$3 billion in trade credits. This in fact is indirect support for the Soviet Union. It is also indirect support for Communist China, which has increasing trade contacts with some Eastern European Communist nations.

Apart from the technology, industrial equipment and food financed to the Communist nations from

the non-Communist world, both the Soviet Union and Communist China have consistently engaged in industrial espionage. One of the first to draw attention to the Soviet policy of industrial espionage, stealing technological information from the industrialised Western nations, was Victor Kravchenko, a top Soviet official with the Soviet Purchasing Commission in Washington, who defected to the U.S.A. in 1944. He subsequently told his story in his book **I Chose Freedom**.

The British Government has been forced to deport Soviet industrial espionage agents masquerading as trade officials. The Soviet's rapid progress towards becoming a major nuclear power was only made possible by its many agents of treason in the West. The treachery of Nunn May, Fuchs, Pontecorvo and other scientists has been thoroughly recorded, but unfortunately now tends to be forgotten. The mythology of "detente" is used to obscure the real history of how the Communist barbarians have from the beginning been provided with constant economic blood transfusions without which they would not know be threatening the future of civilised mankind.

In times of declared military war no Government permits any of its nationals to provide the enemy with any type of economic aid. This is rightly regarded as treachery deserving the death penalty. We know that the Communists have consistently regarded themselves at war with non-Communist nations. Communist spokesmen have been frank and open about their intentions. Khrushchev put it simply. "We will bury you". Those who hopefully suggest that such statements might only be political rhetoric should have their attention directed to the Marxist text-books. And they should be asked to note carefully that the text-book instructions are being followed carefully right around the world. Cuban "volunteers" in Angola, using sophisticated Soviet military equipment, are the substance of the real world.

If the non-Communist world really wishes to survive then it must find the courage and the will to face the reality that war is being waged against it, that it has suffered a long series of defeats, and that ultimate complete defeat is inevitable unless a realistic counter-offensive is launched. That counter-offensive does not require the threat of a global nuclear conflict. It requires the non-Communist nations to state clearly that they accept the Communist challenge and intend to meet it. The Marxists claim that they have a superior economic and social system. The non-Communists can strike with a double-edged sword, scoring a major propaganda and psychological victory by announcing that as the Communists claim to have a superior economic system they will not therefore be requiring any further technology, industrial equipment and food supplies, and by actually depriving the Communists of any further economic blood transfusions leave them either to collapse or surrender power to the people they have been oppressing.

Dr Antony Sutton puts it neatly with his observation that even now the non-Communist nations "can stop the Communists any time we want to. Without using a single gun or anything more dangerous than a piece of paper or a telephone call. We have Soviet technical dependence as an instrument of world peace. The most humane weapon that can be conceived. We have always had that option. We have never used it".

The implications of this type of counter-offensive against the Communists are explosive. There is a deep moral issue. The moral rot in the non-Communist world is highlighted by the United Nations decision that little Rhodesia is governed by people who are a threat to world peace, and that these people should be forced to change their ways by an economic blockade. The major Western nations have joined with the real threat to world peace and in the process have aligned themselves with the inhuman policies of the Communists.

## FINANCING THE BOLSHEVIKS

Oswald Spengler, famous author of the monumental work **Decline of the West**, was one of the first to point out that revolutionary movements are never successful without big finance. He wrote: "There is no proletarian, not even a Communist movement that has not operated in the interests of money, in the direction indicated by money - and that without the idealists among the leaders having the slightest suspicion of the fact."

The **New York Journal - America** of February 3, 1949, quoted John Schiff, grandson of Jacob Schiff, partner in the famous Wall Street international banking firm of Kuhn, Loeb & Co., as saying that his grandfather "sank about 20,000,000 dollars for the final triumph of Bolshevism in Russia." John Schiff was merely confirming what a number of distinguished writers, including Winston Churchill and the famous British historian, Hilaire Belloc, had been saying for years: that Bolshevism had been imposed upon the unfortunate Russian people from outside.

Trotsky had to return from New York to Russia in 1917 to help Lenin seize power for the Bolsheviks. He later married one of the daughters of the wealthy bankers, Jivotovsky, who helped finance the Bolshevik Revolution.

Mr. Wickham Steed, one of the most outstanding figures in British journalism during the First World War, wrote in his book **Through Thirty Years** that at the end of the First World War "Potent international financial interests were at work in favour of the immediate recognition of the Bolsheviks." He named Joseph Schiff as one of the prime movers and said that he had warned the Americans that German-Jewish international financiers were planning to exploit Russia under the Bolsheviks.

Although what were known as the "Sisson Documents", brought to the U.S.A. in 1918, and originally accepted as authentic, were subsequently proved to have been forgeries, independent evidence later showed that the authors of the "Sisson Documents" had access to information concerning the financing of the Bolsheviks by Wall Street international financiers.

In **Czarism and the Revolution** the distinguished White Russian General Arsene de Goulevitch, later founder in France of the Union of Oppressed Peoples, wrote that "The important part played by the wealthy American banker, Jacob Schiff, in the events of Russia, though as yet only partially revealed, is no longer a secret." According to de Goulevitch, Bakhmetiev, the late Russian Imperial Ambassador to the United States, "tells us that the Bolsheviks, after victory, transferred 600 million roubles in gold between the years 1918 and 1922 to Kuhn, Loeb & Co."

When Lenin found the infant Bolshevik State foundering, and had to revert temporarily to free enterprise under the New Economic Policy, he tried to persuade Wall Street financier Bernard Baruch to take a job of reconstructing Russia, Baruch declined, but even though no open direct assistance could be given to the Bolsheviks because of the American policy of non-recognition, a number of researchers revealed how Germany was being used as a front to provide assistance. When Khrushchev made his 1959 visit to the U.S.A., Bernard Baruch was one of the first he called upon.

Speaking in the American House of Representatives on June 15, 1933, Congressman Louis T. McFadden, a man closely associated with American banking, gave details of how Wall Street groups were indirectly financing the Soviet. He listed the Rockefeller Chase Bank and the Guaranty Trust Company and others. He charged that Federal Reserve funds were being used.



In an address to the Socialist League for Industrial Democracy in New York on December 30 1924, Mr. Otto Kahn, director of American International Corporation, and partner in Kuhn, Loeb & Co., said "What you Radicals and we who hold opposing views differ about, is not so much the end as the means, not so much what should be brought about as how it should, and can, be brought about..."

Following Mrs. Otto Kahn's visit to the Soviet Union in 1931, press reports said that Mrs. Kahn had been given a diplomatic dinner "and several brilliant receptions". The Star London of July 23, 1935 published a report that Mrs. Kahn was again visiting the Soviet Union and that "when she goes to Leningrad is officially welcomed by the Great Stalin himself."

1933 was an historic year in Wall Street-Soviet relations. Stalin desperately required greater economic blood transfusions for a sick Soviet economy. Twelve years previously, on December 23, 1921 Lenin had reported to the Ninth All Russian Congress of Soviets: "I have no right to conceal the sad truth that we are not yet recognised, but I must tell you that commercial relations are nevertheless developing. All these capitalist countries are in a position to make us pay more than the goods are worth, but for all that, they are helping us to restore our economy." (Vide pamphlet V.I. Lenin on Peaceful Co-existence, p. 176 F, published by Foreign Publishing House of Moscow.)

But in spite of the "developing" trade relations, Stalin's forced collectivisation of farming and attempts at rapid industrialisation, had been disastrous. Franklin Delano Roosevelt became President of the U.S.A. in 1932 in the middle of the Great Economic Depression created by the drastic credit restriction policies of the Wall Street international financiers. Roosevelt came to office with the strong backing of the same financiers.

Immediately following his inauguration early in 1933 Roosevelt moved to extend diplomatic recognition of the Soviet Union. American businessmen, threatened at the time with increasing bankruptcies, were assured that recognition of the Soviet Union would enable credits to be extended so that exports could flow. This would be "good for American business". Roosevelt passed a number of technical reports to the Soviet to help Stalin with his problems.

Lenin had foreseen this development when he said that Communists must "express desire for the immediate resumption of diplomatic relations with capitalist countries on the basis of complete non-interference in their internal affairs," Lenin continued: "They (the deaf mutes as he called the 'capitalist nations') will even be delighted and fling wide open their doors, through which the emissaries of the Comintern and Party Intelligence agencies will quickly infiltrate into these countries disguised as our diplomatic, cultural and trade representatives..."

"Capitalists the world over and their governments will, in their desire to win the Soviet market, shut their eyes to the above-mentioned activities and thus be turned into blind deaf-mutes. They will furnish credits, which will serve as a means of supporting the Communist parties in their countries, and by supplying us with material and techniques which are not available to us, will rebuild our war industry, which is essential for our future attacks on our suppliers. In other words, they will be labouring to prepare their own suicide." (Quoted by Martin Dies, American Congressman who headed the Special Committee on Un-American Activities of the House of Representatives for seven years, in Martin Dies Story, The Book-mailer New York 1963).

Stalin's representative Litvinov assured the Americans that in exchange for diplomatic recognition, credits and trade, there would be no Communist interference in their internal affairs. At the same time

he told American Communists to prepare for massive infiltration into American institutions. The long pro-Communist record of the Roosevelt Administration, both before and during the Second World War, has been thoroughly exposed by a number of American writers.

Litvinov met Paul Warburg of Kuhn, Loeb & Co. at the World Economic Conference in London in 1933 and as a result of the meeting a big loan was raised for the Soviet.

The extend of American economic aid to the Soviet Union under Roosevelt was admitted by Stalin, as indicated in a report by Wall Street representative, W. Averell Harriman, and Roosevelt's Ambassador to Russia in June 1944:

"Stalin paid tribute to the assistance rendered by the United States to Soviet industry before and during the war. He said that about two-thirds of all the large industrial enterprises in the Soviet Union had been built with United States help or technical assistance." (Quoted by Antony Sutton in *National Suicide*, Arlington House New York, 1973).

Stalin could have observed that the other third of large industrial enterprises had been provided by the British and other Western nations.

Closely associated with Jacob Schiff in the financing of the Bolshevik seizure of power in Russia, were the Warburgs. Mr. Paul Warburg had brought from Germany the concept of Central banking and was a driving force behind the creation of the Federal Reserve Board. During the First World War the Warburgs operated on both sides, Mr. Max Warburg playing a prominent role in Germany. Also associated with the financing of the Bolsheviks was Swedish-born Olof Aschberg, whose bank, Nya Banken, was used for the provision of funds for the Bolsheviks. It was not surprising therefore, that when in 1922 the Soviets formed their first international bank it was based upon a syndicate headed by Aschberg.

There is a vast literature on the subject of the financing of the Bolshevik Revolution, but one of the most authoritative is Antony Sutton's *Wall Street and the Bolshevik Revolution* (Arlington House, New York 1974). Drawing upon State Department files and the personal papers of prominent Wall Street figures, an established scholar documents the link between International Finance and The Bolsheviks. The Bolsheviks could never have seized power in Russia, consolidated themselves and continued without the massive credits which have enabled Western economic aid to be kept flowing.

Any study of International Communism without reference to the vital continuing role of the International Finance is like attempting to study Shakespeare's play *Hamlet* without any reference to *Hamlet* himself. Once the historic link between International Finance and Communism is grasped, one is not surprised to find a David Rockefeller eulogising the Communists. He is maintaining a type of family tradition!

## THE ROLE OF THE FABIAN MARXISTS

No real understanding of the nature of the struggle for the world is possible without reference to the Fabian-Marxist movement. This movement can be described as the major Achilles heel of the non-Communist nations, particularly of the English-speaking nations. This movement has been responsible for the financial and economic policies which appear to confirm the Marxist theory that excessive centralisation, and the social frictions which it generates, together with mounting monetary inflation and an attempt to make internal economies work by greater exports, even if to the Soviet Union and Communist China, are all "inevitable". Those who accept this viewpoint have surrendered in the philosophy of economic determinism. They are casualties of psychological warfare.

A number of former Communists who have attended political warfare schools in the Soviet have testified to the stress which the Communists place on economic warfare to weaken the non-Communist world internally. As a starting point for examining the Fabian Marxist contribution to this type of warfare, it is essential to go back to the first Marxist text-book **The Communist Manifesto** (1848) and to consider Karl Marx's ten steps for the creation of a Communist State:

The first five read: "Abolition of property in land and application of all rents of land to public purposes", "A heavy progressive or graduated income tax", "Abolition of all right of inheritance", "Confiscation of the property of all emigrants and rebels", "Centralisation of credit in the hands of the State, by means of a national bank with State capital and an exclusive monopoly".

The essence of these steps, as with the other five, is the centralisation of all power over the individual. Marx said that his steps would "be pretty generally applicable" "in the most advanced countries".

It is important to note that Marx, in introducing his ten steps, made it clear that they were only a means to an end, not an end in themselves. He said that while these measures "appear economically insufficient and provisional" they will "in the course of the movement .... necessitate further inroads upon the old social order ..." Marx saw, for example, heavy progressive taxation as an instrument for creating conditions which can be used to impose still more centralised controls. John Hladun, a former Canadian Communist Party Member who was given special training in Moscow, said on November the 26th, 1948 that "... one control tends to cause another, until, as a logical result, the State controls and finally owns everything."

Marx died in 1883. The Fabian Socialist Society was launched in London, England in the winter of 1883-84. It took its name from Fabius Cunctator, the Roman leader who defeated Hannibal by a policy of gradualness. The Fabian policy of advancing Marxism has been described as **Sovietisation by Stealth**. The Fabians openly stated that they felt that, particularly in the English-speaking world, including the United States, they could subvert parliamentary and other institutions from within. George Bernard Shaw, the well-known Irish playwright, was quite frank in his writings concerning how Marxism should be advanced. He disagreed with Marx concerning the working man, describing him as too conservative. Young scholars from the middle and upper classes should be indoctrinated. The Fabians worked to produce intellectual revolutionaries. They would exercise power through the expanding bureaucracy necessary for the managerial State. Shaw and the other Fabian leaders carefully presented the Fabian Society as a highly respectable body, "thus making it possible", as Shaw said, "for an ordinary respectable religious citizen to profess Socialism and belong to a Socialist Society without any suspicion of lawlessness." Shaw said he was a great admirer of Stalin.

The Fabian-Marxists had firmly established themselves and created the notorious London School of Economics, an indoctrination centre for students from all over the world, before Lenin had managed to make much headway with his more openly revolutionary movement. Lenin was directly associated with the Fabians as far back as 1897 when he translated Fabian leader Sidney Webb's **History of Trade Unionism**. Lenin learned much from the Fabians who, in 1903, helped Lenin and his Bolshevik supporters to meet in London after they had been driven out of Copenhagen. The Bolshevik Conference was financed by Joseph Fils, a wealthy American soap manufacturer and an early Fabian. He advanced three thousand pounds, this being repaid by Lenin through the Soviet Government in 1921. When the Webbs visited the Soviet Union in 1921 they were treated like Royalty. Their propaganda work **Soviet Communism - A New Civilisation**, was used widely throughout the world by all Marxists.

The London School of Economics was financed by the same type of international financiers who later



financed the Bolshevik Revolution. The Rothschilds were big contributors. In 1920, Sir Ernest Cassel, associated with Kuhn, Loeb & Co., saved this Fabian Marxist indoctrination centre with a substantial donation of 472,000 pounds. In *The Quarterly Review* (England) for January 1929, Professor J.H. Morgan wrote "When I once asked Lord Haldane why he persuaded his friend Sir Ernest Cassel to settle by his will large sums on ..... the London School of Economics, he replied: "Our object is to make this institution a place to raise and train the bureaucracy of the future Socialist State."

The Fabian influence soon spread to the U.S.A. Harvard University became a hot-bed of Fabianism. The famous Marxist professor, Dr. Harold Laski of the London School of Economics became as well known in the United States as in Britain and elsewhere. The influence of the London School of Economics became world wide. Top economic advisers of all types of Government, Governors of Central Banks, were trained under the influence of Laski and his fellow Marxists. The New Deal programme of the Roosevelt era in the United States was a Fabian programme, much of it sponsored by the Foreign Affairs Association, an organisation directly connected with the Fabian Society. This Association was sponsored by Paul M. Warburg of Kuhn, Loeb & Co., another example of the close nexus between International Finance and International Marxism.

In 1946 Laski visited Stalin as Chairman of the British Labor and had lengthy discussions. Laski then made the highly significant statement that while the Fabian Marxists were marching on a different road to their fellow Marxists in the Soviet Union, they were marching towards the same objective. In other words, while Stalin was able to use the bayonet to move Russian farmers from their properties, financial power could be used in Britain and other western nations. Laski said early in 1946 that he was not worried about compensating people for their confiscated properties "so long as there was a Labor Chancellor of the Exchequer who could fix levels of taxation, especially Death Duties, Estate Duties and Legacy Duties. Compensation was a book-keeping transaction." (Vide *The Scotsman*, January 7, 1946).

Writing in his *Appreciation of the Communist Manifesto for the Labour Party* (1948) Laski made the historic comment that "....who, remembering that these (policies of high taxation and centralisation of credit) were the demands of the Manifesto can doubt our common inspiration."

While some of the predictions of Marx concerning the free-enterprise, private ownership system have not been born out by subsequent developments, it is clear that many developments are producing increasing tensions inside the non-Communist world. Monetary inflation, itself a form of hidden taxation, heavy taxation, considerable unemployment, economic dislocation, growing economic conflict between non-Communist nations, the growth of great monopolies and semi-monopolies at the expense of widespread, small-scale ownership, with consequent growing social friction, particularly in the more industrialised nations, are described by large numbers of Marxist writers as irrefutable evidence that the capitalist economic system and associated institutions are being pushed from the stage of history. Historians are agreed that massive financial debt progressively heavier taxation and inflation have been basic causes of the death of previous Civilisations. They certainly played a major role in the destruction of the Roman Civilisation.

Those who study the statements of the Soviet strategists and their theoreticians are well aware how confident they are about crisis conditions in the non-Communist world. Typical of such statements was that of Soviet spokesman Boris Ponomarev at a meeting of Warsaw nation Communist parties in Budapest in December 1974. He said that the Western European capitalist countries had moved much nearer "to the very crucial turning point in the history of the continent. The crisis in the capitalist world had engendered a great mass upsurge in the workers' struggles." This upsurge was "facilitating and accelerating the long term social and economic plans" of World Communism.

Lenin is credited with the statement that inflation was Communism's "secret weapon". It is the most basic problem now threatening the non-Communist world. Other problems could be solved if this major



problem were removed. The very future of traditional forms of society depends upon understanding and solving this problem. The Marxist view, which has been sedulously fostered in a variety of ways, is that inflation is inherently part of the capitalist system of production and that there is no way of solving inflation until the capitalist system is abolished. But assessed as a production system, the capitalist system has been a tremendous success. As we have seen, it has had to sustain the inefficient collectivist systems of the Communist nations. Inflation is a financial question, not a production problem, even though a modern production system cannot be operated successfully without a financial system. Irrespective of whether described as "pounds", "dollars", "liras" or by any other term, money is but a man-made system of symbols which can be used to serve man or be used to enslave him: Which brings us to the teachings of the British economist John Maynard Keynes, whose financial policies and underlying philosophy have produced destructive inflation and associated problems.

Keynes first became well-known during the Great Depression of the thirties when his work **General Theory of Employment, Interest and Money** (1936) was published. By this time a number of outstanding critics and organisations like the London and Southampton Chambers of Commerce had demonstrated that the basic cause of the Great Depression was financial, that there was no problem about the production system, and they put forward constructive policies which would have made money the servant of the individual. But it was John Maynard Keynes, a life-time associate of the Fabians, who was promoted by those with the financial power to do so. His work was presented as a way to save the capitalist system. But in fact it was a long-term programme for advancing Marxism by subverting traditional society. When Keynes died as Baron Keynes - he had been elevated to the British peerage by the British Socialist Party - one Harvard University economist proclaimed that Keynes "strode through life like a gigantic figure of the Renaissance, and he makes all present day economists and politicians seem poor, sorry figures by comparison." But in his private life this "gigantic figure" was a debauched sodomite, preaching the subversion of young boys and the normal standards of civilised society. He foreshadowed what has come to be known as the permissive society.

Like all subverters Keynes used some truths to serve his ends. He openly admitted that the Great Depression of the thirties was the result of insufficient purchasing power, and that purchasing power was created in the form of financial credit by the banking system. His proposal to overcome the deficiency of purchasing power by what have come to be called deficit budgets and increased Government spending, had a powerful appeal to distressed producers and consumers. It was like a painkilling drug being offered to a person writhing in agony. But the long term effects were overlooked. Keynes admitted that his method of expanding new financial credit must produce monetary inflation. But his supporters, including the more far-seeing Marxists, said "Surely inflation and full employment are preferable to depressions?" They offered false alternatives.

The famous British Marxist theoretician, John Strachey, who had been a member of both the British Communist Party and the Fabian Society, wrote his well-known text book **The Coming Struggle for Power**, while a member of the Communist Party. He provided an illuminating comment on how Keynesian theories can further the Marxist revolution. He wrote that he had come to believe that inflationary financial expansion policies were "an indispensable step in the right direction." Giving his reasons for this view, Strachey said ".... the fact that the loss of objectivity, and the intrinsic value of the currency which is involved (i.e. inflation) will sooner or later make necessary, on pain of ever-increasing dislocation, a growing degree of social control .... for the partial character of the policy will itself lead on to further measures. The very fact that no stability, no permanently workable solution can be found within the limits of this policy will ensure that once a community has been driven by events to tackle its problems in this way, it cannot halt at the first stage, but most of necessity push on to more thorough going measures of re-organisation."

This frank and accurate, prediction of the effects of Keynesian financial policies is similar to what Marx said concerning his ten steps for Communising a State. Following the vast destruction of the Second World War, during which there was a severe curtailment of consumer production, there was tremendous scope for economic expansion. West Germany and Japan had to be rebuilt. American

Marshall aid programmes provided an outlet for American production. As we have seen, enormous quantities of production have been provided for the Soviet Union, and more recently to Communist China. But one important result was increasing financial debt in the non-Communist nations, progressive inflation and mounting social disorders. The Keynesian policy of "controlling" inflation by credit squeezes and higher taxation has, over recent years, produced disastrous economic dislocations in all the major industrial nations, including Japan. Unemployment has reached millions. All the non-Communist nations are feverishly attempting to ease their own internal problems by exporting more than they import - i.e. obtaining what is miscalled a "favourable balance of trade." It is elementary that not all nations can have this so-called favourable balance of trade. If some have a "favourable" balance, others must have an unfavourable balance. And in the struggle to make internal economies work by increasing exports there is growing friction between nations which should be united in the face of the common Marxist enemy. Currently South-East Asian Nations are complaining that Australia will not take more of their production from growing light industries. Australia complains that the beef industry is depressed because the Japanese have drastically curtailed imports. When the Arab nations insist upon a higher price for their major exportable product, oil, they have been falsely charged with creating world-wide inflation. The truth is that the increased price of oil has only made a fractional contribution to inflation. Governments operating Fabian-Marxist financial policies are creating the major cause of inflation.

A major and disastrous consequence of the internal problems of the non-Communist nations is that these are exploited to justify increasing exports to the Communist nations. The non-Communist nations are doing exactly as Lenin predicted they would - providing the rope with which they will be hanged.

All attempts to overcome the non-Communist world's current depression conditions must, under Keynesian-type financial policies, merely produce a new round of increasing inflation and intensified social friction. Solzhenitsyn has drawn attention to the gross materialism of the West and its eroding effect upon both social structures and cultures. But much of this materialism stems from a policy of over-driving the economic system to serve purely financial ends instead of human purposes. The so-called underdeveloped nations should carefully note that much of the alleged concern for their development is primarily a concern with solving internal problems of surplus production by the more developed nations. And if these underdeveloped nations follow the same path which the other nations have followed then they will suffer the same disasters, including an erosion of their social structure and their cultures. They will eventually be faced with a rootless youth which is exploited for revolutionary purposes.

The non-Communist world has no hope of surviving a war in which it is using Fabian Marxist financial policies, rooted in a philosophy of materialism. To those who ask, "But how could we operate our non-Communist economies without exporting to the Communist markets?" the short answer is to ask in reply, "What would the non-Communist world do if suddenly the whole Communist world disappeared beneath the sea? Are the people of the non-Communist world so bereft of sanity that they would not take appropriate action to use their vast resources and productive capacity to serve a policy of expanding freedom and security for all individuals?"

All the great religions of the world have insisted that economic, financial and social systems should serve human needs. Christ said that man could not worship both God and Mammon. The very future of the non-Communist world depends now upon an effective challenge to the "enemy within", to Fabian Marxists financial and economic policies, and to those traitors like the Rockefellers who blatantly exploit the results of these policies to work together with the Communist criminals of Moscow and Peking.

Genuine anti-Communists must condemn financial policies which create increasing financial debts, crushing taxation, high interest charges and escalating inflation.

(Suggested reading for background of Fabian Marxism: **Keynes at Harvard**, by Zygmund Dobbs; **Fabian Freeway** by Rose Martin; **The Selling of America**, by Rose Martin; **The Fabian Socialist Contribution to the Communist Advance**, by Eric D. Butler.)

## ESSENTIAL FINANCIAL REFORMS

Writing with many years of first hand knowledge, Dr. Carroll Quigley, the prestigious American historian revealed in his history *Tragedy and Hope* (Macmillan, New York, 1966) that the link between International Finance and International Communism was the only hope for the world. Quigley wrote: "I know of the operations of this network (of the international power structure) because I have studied it for twenty years and was permitted, for two years, in the early 1960's, to examine its papers and secret records." Quigley's view is that the International Financiers are highly cultured men with the best interests of the human race at heart. His "inside" picture of the reality of the world drama is of the greatest significance.

In tracing the growth of International Banking from the time of the famous Rothschilds to the present day, Quigley shows that the power to create and control a nation's money supply in the form of financial credit is one with explosive implications. He quotes the famous statement made by Sir Reginald McKenna, one-time British Chancellor of the Exchequer and Chairman of the Midland Bank, who in addressing a meeting of the bank's shareholders on January 25 1924, said, as recorded in his book *Post-War Banking*:

"I am afraid the ordinary citizen will not like to be told that banks can, and do create and destroy money. The amount of finance in existence, varies only with the action of the banks in increasing deposits and bank purchases. We know how this is effected. Every loan, overdraft or bank purchase creates a deposit, and every repayment of a loan, overdraft or bank sale destroys a deposit."

A number of public investigations have taken place since Sir Reginald McKenna frankly stated what the operators of credit creation have known for centuries. Giving evidence before the New Zealand Royal Commission on monetary systems in 1955, Mr. H.W. Whyte, Chairman of the Associated Banks of New Zealand, readily agreed that trading banks create money in the form of financial credit. He said "They have been doing it for a long time, but didn't quite realise it, and they did not admit it. Very few did. You will find it in all sorts of documents, financial text books, etc..... today I doubt very much whether you would get many prominent bankers to attempt to deny that banks create credit."

Governor Eccles, one-time head of the Federal Reserve Bank Board of the United States, said "The banks can create and destroy money. Bank credit is money. It's the money we do most of our business with, not with that currency which we usually think of as money."

Giving evidence before the Canadian Government's Committee on Banking and Commerce in 1939, Mr. Graham Towers, Governor of the Central Bank of Canada, said in answer to a question "But there is no question about it that banks create the medium of exchange?" "That is right. That is what they are for .. That is the Banking business, just in the same way that a steel plant makes steel." Governor Towers further observed that "as all loans are debts, then under the present system all money is debt."

The real credit of a community is its productive capacity and resources. But if this real credit can only be used on terms dictated by those who have a monopoly of creating and issuing financial credit, then it is elementary that if this monopoly can be developed on an international scale, those controlling such a monopoly have a major instrument for creating a World State. Just as trading banks, whether called private or Government, have progressively been brought under the control of Central Banks, so are Central Banks now becoming instruments of the International Monetary Fund, which now creates a form of international credit called "Paper Gold" or "Special Drawing Rights". One of the principal architects of the International Monetary Fund was Harry Dexter White, Under-Secretary of the U.S. Treasury during World War 11, and subsequently exposed as one of Moscow's top agents in the U.S.A. Fabian-Marxist



Keynes also worked closely with White.

Karl Marx and his followers have never attacked the role of the credit monopolists in creating industrial friction and social discord. The power to create financial credit is the power to control all forms of economic activity. Once the nature of this power is grasped, and how present methods of credit creation generate increasing debt, heavier taxation and accelerating inflation, the nexus between International Finance and International Communism can be more readily grasped. Credit loans are but instruments which are used to move massive quantities of non-Communist production and technology to the Soviet Union.

In his **Problems of Leninism** (Foreign Languages Publishing House, Moscow 1945) Stalin quotes Lenin as stating that "Revolution is impossible without a nation-wide crisis (affecting both the exploited and the exploiters.)"

The Marxist analysis of the free-enterprise system of economics is that it inevitably produces friction, depressions and international conflicts. The growth of monopoly is also inevitable, but leads towards Socialism. The famous Whittaker Chambers said that all the intelligent people of his acquaintance who became Communists did so because of the Marxist analysis of capitalism, and because increasing crises appeared to confirm that analysis. But the Marxist analysis only appears correct if the role of financial policy is ignored or not completely understood. The conflict between employers and employees does not take place because all employers are "wicked" and wish to exploit their employees, and most employees do not support demands for higher wages because they wish to bankrupt their employers. The basic cause of the conflict concerns financial policies imposed upon both groups by those making financial policy.

No sensible person offers any opinions on any type of system until he understands how it works. The basic feature of modern industry is that it does two things: It creates a flow of production with prices attached to goods, and it distributes wages and salaries. As industry generally finances its operations out of loan finance created by the banking system, in theory industry should distribute sufficient purchasing power to meet at the retail counter the prices of the goods produced, so that loan finance can be repaid and debt liquidated. But this does not happen, as we will see. The Marxists blame the deficiency of purchasing power on the employer, who creates the problem by "evil profiteering". An examination of the total profits of any industrialised nation reveals that if all profits were paid to employees in the form of higher wages, the increase in wages would be extremely small, and could only be paid once because industry would be immediately bankrupted. Marxist revolutionaries work to produce bankruptcy.

During the Great Depression of the thirties responsible businessmen's organisations, representing men of practical experience of finance-economics, provided a much more realistic analysis than the Marxists concerning the defect in the modern finance-economic system. This analysis is outlined clearly in a **Report on Post-War Reconstruction Policies** issued by the Vancouver (Canada) Board of Trade in 1943. It is well worth careful study:

"In order to assess the merits or otherwise of the manner in which our present monetary system operates it is necessary to consider its place and function within the national economy. For instance, reference has been made earlier to the primary function of the monetary system as being "an economic voting mechanism." While this may be readily conceded, its full significance cannot be appreciated unless this comparatively novel concept is related to the accepted ideas of finance .... how can the production of .... goods be organised under a system which will give the individual the greatest possible scope for freely associating with others in the common effort, how will a correct accounting be kept



of the goods produced, and how will their distribution on an equitable basis be organised? .... these important functions come within the scope of the monetary system .... money is essentially a generally accepted claim to goods and services. It is a ticket system which entitles the holder to obtain the goods and services he wants from the supply of available for distribution....

"This means that money can be issued only against goods and services: further, that the money must be related to such goods and services both in regard to the number of 'money tickets' issued and the relative relation of each ticket to the different types of goods and services ... The system which has been evolved and which is in use at present is basically sound. In order to induce individuals to co-operate in the production of goods, money is created and issued to them as incomes for their services. The sum total of all money paid out in all stages of the production of an article constitutes its cost. In this way units of money are related to goods and the other material wealth of a community.

"Thus the individual is provided with an inducement to join in the co-operative effort of production, being left free as to what part he takes in this according to ability and so forth. As prices are created in the process of production, so an accurate record can be kept. The individual then has a claim on any of the available goods and services he may choose....

"From the foregoing, it will be plain that money should be issued as goods are produced, and it should be withdrawn as goods are consumed, for it would be a falsification of the records if "tickets to goods" were in the hands of the people when the goods were no longer in existence.

"The efficacy and simplicity of such an arrangement in the organisation of a democracy would be valid provided that --

- (a) The amount of money issued to finance production was controlled by the extent to which the people wished to use their productive resources (their real credit) in supplying themselves with the goods and services they wanted;
- (b) the total amount of money in the hands of the people at any time was sufficient to enable them to buy all the available goods and services."

The important question to be discussed now, is "Does industry distribute sufficient purchasing power over any given period to meet the prices of the goods produced?" Like a number of business organisations which have examined this question, the Vancouver Board of Trade pointed out that "the system generates a chronic and increasing shortage of purchasing power in relation to the prices of goods coming on the market".

The system would only operate if total prices represented total wages and salaries paid. But even assuming that total wages and salaries equalled total prices, it is elementary that if some of the wages and salaries are saved, there will be an immediate deficiency. For example, if \$200 of wages and salaries are issued against \$200 of prices, and \$50 of the wages and salaries are saved, then it is obvious that \$50 worth of goods must remain unsold. If the \$50 is brought back into circulation by the investment in some new capital production, then this means that when this capital unit starts producing consumer goods, it will have to try to recover this \$50 through prices. Theoretically it is possible for one unit of money to be used to generate a number of costs for which there are no equivalent money units. The use of savings to finance new production is a contributing factor to the deficiency of purchasing power.

Everyone responsible for operating an industry knows that he has far more than wage costs. He must allocate a charge for interest on the money he has borrowed. Every industry, irrespective of size, must

allocate charges for the depreciation of plant and equipment. As industry develops towards near-automation, depreciation charges become progressively greater in relationship to wage costs. But these plant-charges are not income for anyone. It is the same with profits, which of course, every industry is entitled to make.

And finally there is taxation. Industry legitimately regards it as a cost which it attempts to recover through prices, helping to force them up. Taxation levied on incomes has the direct effect of reducing purchasing power. An enormous proportion of taxation, including municipal rates, is used merely to repay mounting debts and is cancelled out of existence.

The immediate reaction of many to the above is that it cannot possibly be true, because this would mean a growing mountain of unsold goods. But in place of the unsold mountain of goods there is another mountain; **one of rapidly expanding financial debt!** It is beyond dispute that the flood of production for sale in the retail stores can only be removed by increasing resort to various forms of credit buying. Unable to buy what they have produced out of their current wages and salaries, individuals in modern communities are compelled to mortgage their future incomes by borrowing against them. Most of the finance for credit buying schemes must originally originate with the banking system. All these schemes operate at high rates of interest and contribute towards inflation. Any finance provided to lending organisations for credit buying by genuine savings, merely aggravates the problem of the deficiency of purchasing power as already explained.

But as credit buying schemes do not of themselves solve the problem of a deficiency of purchasing power, other policies are also adopted. There is growing stress upon the necessity for increased capital production, irrespective of whether any great expansion is necessary to produce required consumer goods. The only realistic purpose of building more industrial plant, more power units, or more water schemes is because they are genuinely necessary to produce required consumer goods. Financed directly or indirectly out of new interest-bearing debts created by the banking system, capital works do increase the amount of money in the hands of consumers without, **at the same time**, increasing the supply of consumer goods for sale. But as production is a continuous process, and new capital equipment does eventually produce goods for sale, into the price of these goods must be charged all the costs incurred. The result is that the rate of capital expansion must be progressively increased in order to attempt to avert a major break-down in the economy.

But increasing expansion under present financial policies means expanding debt, both public and private. The Fabian-Marxist "solution" under Keynesian-type financial policies is for Governments to create still more debt against their communities in the form of "deficit budgets". But this only intensifies the basic problems, as it is intended to, thus producing increasing crises which can be exploited for the Marxist programme. Marxist revolutionaries in the trade unions do not believe that increased wages bring permanent benefits to the employee. Mr. S. Lozovsky, former head of the Soviet Information Bureau, Communists and Trade Unions, said in his lectures on how the Communists should use the Trade Unions, that "The Communist Union delegate .... knows that the mass in factories, which in his opinion is an ignorant mass, can be moved into strikes only by the promise of increased wages. But this is only a means to a Communist end. For a Communist leader, every strike is a military manoeuvre for a civil war. He knows that the Unions will not be able to pay sufficient allowances to strikers, that their families will suffer hardship, but this is just what he wants, for hardship will excite hatred .... the hatred kindled by the strike will be turned against the whole system." (Quoted by V.L. Borin, former Czechoslovakian Communist leader in **How to Betray Your Country.**)

Increased wages require more debt credits for employers to finance them. They must further increase financial costs and prices. Some of the increased wages merely go in increased taxation. The overall result is further financial inflation and its associated problems. The demands for increasing wages become never-ending. With increasing production unable to be absorbed internally, there is a growing stress on financing "export drives". The Communist market appears an attractive solution. Monopoly develops, both nationally and internationally. The strongest barrier to Communism, "the strength of small production", as Lenin said, is eroded. Not only are small producers described as "uneconomic", nations are also told that they should amalgamate into "Common Markets", thus preparing the way for a "single world economic system", advocated by Stalin as "the natural basis for the victory of Socialism."

The quickest way for the more developed nations to reverse the process destroying them internally while forcing them to support the Communist enemy, is to implement financial policies which will reduce debt, taxation and inflation. It is elementary that if financial credits can be written up as debts against communities' assets under the guise of "Deficit Budgets", the same credits could be made available as credits and used to lower the prices of all basic items in the economy by a system of consumer price discounts. This policy was used with outstanding success in all English-speaking nations during the Second World War. The use of consumer price discounts on selected items, particularly food, stabilised wages and maintained a comparatively stable price structure. The Premier of Queensland, Australia, the Hon. J. Bjelke-Petersen, a most distinguished opponent of Communism, has been advocating a reversal of inflation by the drastic reduction or abolition of all Sales Taxes, the most inflationary form of taxation, and the use of Consumer Price Discounts to lower prices and thus prevent inflationary wage increases. It is significant that Premier Bjelke-Petersen's anti-inflation policy has been strongly opposed by all the Marxists. They realise that a genuine anti-inflation policy removes the ingredients of revolution.

New credits could also be used to finance all types of pensions, thus helping to reduce the burden of taxation. Debts created by Central Banks to finance Deficit Budgets can be written off without loss to anyone. This would also help to reduce the burden of taxation to help finance interest bills.

To suggest that a man-made system of financial book-keeping cannot be modified to enable the individual to gain access to the actual and potential abundance of the free enterprise production system, is to surrender to the philosophy of determinism. A manipulated anti-social financial policy is the only barrier between the individual and an age of abundance and security in the non-Communist world. A change in this policy along the lines suggested, each nation adopting the principles to suit local needs, would not only remove the cause of internal friction, but also make it unnecessary to strive for exports to the Communist bloc of nations. Trade between the non-Communist nations would then be on the basis of exchanging genuine surpluses with benefit to all, and not a type of economic warfare. Harmony, national and international, would replace growing disharmony.

(Suggested reading: *Solving the Problems of International Trade*, London Chamber of Commerce Report (1942); *The Creation and Control of Money*, Institute of Economic Democracy Report (Australia); *Natural Cost and the Control of Money*, J.D. Malan; *A programme for Reversing Inflation*, by Eric D. Butler, a Paper given at a Country Party Seminar (Australia) in 1971).

## RECOMMENDATIONS

Based upon study, we recommend that the World Anti-Communist League Conference of 1976 should proclaim:

1. That the Marxist Communists are engaged in a comprehensive war to destroy all non-Communist societies and that finance-economic policies are major instruments of Communist warfare.
2. That there can be no genuine compromise between Marxists and non-Marxists in the war being waged; that in Khrushchev's words, one side must go to the grave; or in General MacArthur's words, "There's no substitute for victory."
3. That the financing of economic blood transfusions to the Communist nations, unless proposed as a means of forcing real concessions from the Communists and lifting the morale and resistance of the Communists' victims - e.g. free elections in exchange for, say, grain - be labelled as treasonable and opposed in every possible way.
4. That international financial groups and others who oppose proposal number 3 be publicly designated as subversive.
5. That the true purpose of producing goods and services is to serve genuine human needs, to enable the individual to live in security and dignity, true to his own traditions and culture and not to force the individual into programmes of economic expansion for the mere sake of expansion thus making him but a cog in a vast materialistic machine.
6. That non-Communist Governments be asked to correct financial policies in accordance with the suggestions in Section 4, thus removing the basic cause of inflation, and the industrial and social friction which the Marxists are exploiting to advance their war against the non-Communist world.
7. That the true purpose of international trade is the exchange of genuine surpluses for the mutual advantage of all and that with internal price stability the non-Communist nations would no longer be forced to strive for a "favourable balance of trade" through tariffs, quotas and the manipulation of exchange rates directed against fellow non-Communists nations.

Finally, it is recommended that Chapters of the World Anti-Communist League give this Report and Recommendations the widest possible circulation as a major feature of an international counter-offensive against the International Marxist Conspiracy.





## **OBJECTIVES**

### **THE CROWN COMMONWEALTH LEAGUES OF RIGHTS.**

- (a) To promote loyalty to God and the Crown, and to the Country as part of the British Commonwealth of Nations.
- (b) To advocate genuine competitive individual enterprise and personal initiative.
- (c) To defend private ownership and advocate its extension in order that individual freedom with security shall be available to all.
- (d) To attack and expose Government-by-Regulation and bureaucratic interference with economic and social activities.
- (e) To take steps designed to secure to the individual very definite rights which no Government can take away, and especially by defence of the written Constitution.
- (f) To defend the Rule of Law which makes all equal before the Law.
- (g) To stress the value of our system of Common Law, built up in Great Britain, to protect the rights of the individual; and to that end to expose corruption and partiality in all their forms.
- (h) To expose the manner in which the safeguards of individual rights and liberties are being destroyed.
- (i) To emphasize the value of the Trinitarian form of Government and the Senate, that is the two Houses of Parliament and the Crown.
- (j) To expose and oppose all anti-British propaganda, and actions, irrespective of their origin.
- (k) To take such other actions as may be deemed desirable to promote the policy of this Crown Commonwealth Leagues of Rights.



