

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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### THE ANGLO-AMERICAN DEBT SITUATION

An Address delivered in London in 1933 by Major C. H. DOUGLAS

*(Probably very few indeed of our present readers have read the address which follows. It deals with a crucial period of history, and its analysis of the then situation has been borne out by events. The Second World War — really the continuation of the First World War — was part of the pattern leading to what is now so imminent: a world dictatorship of finance, policed by Communism. Against this background it is quite evident that the attempt to ensnare Britain through the Treaty of Rome is merely a legalistic way of finally subordinating her to international control; it must not appear that Britain has been conquered; the Big Idea is to have her sign a treaty which, if necessary, can be enforced by military sanctions should the British (what's left of them) show any signs of recalcitrance.*

*There appear to be only three possible reasons for any Briton advocating 'joining' the Common Market: fear of the sanctions which might be or which it is known would be applied if Britain did not join; or complicity in the design for World Government, which for a Briton is plain treason, and should be dealt with as such; or plain ignorance of the fundamentals of political economy, which is certainly true of perhaps a majority of politicians, but should not be true of all.*

*The situation confronting Britain is a great deal more difficult and dangerous — potentially disastrous — than it was in 1933; but the remedy, if one remains possible, is still essentially that proposed by Douglas — expose the international debt racket, and modify the internal financial system.— Ed. T.S.C.)*

\* \* \*

I should like to preface these remarks by pointing out what I feel sure most of you realise — that we are now in a period in which effects have become, in one sense of the word, superior to causes. The Social Credit ideas deal primarily with causes, and are concerned particularly with political economy. The present situation in the world, in which effects have taken charge as a result of bad political economy, is one in which politics, in the more ordinary sense of the word, and at any rate as understood in this country, become superficially just as important as political economy. What I mean by this is that, while there is no hope of recovery in the world until we rectify our political economy, a mere rectification of our political economy would probably not now prevent the awful consequences which proceed from a persistence in bad political economy in the past.

It is my personal opinion, which I have probably expressed to many of you before, that about the latest period at which effective action to prevent the present world crisis, and the

even more appalling consequences which seem likely to flow from it, could have been averted, was about 1922 or 1923. Just about that time, in fact, just subsequent to an address which I gave myself at the Canadian Club in Ottawa, Mr. Otto Kahn, of Messrs. Kuhn, Loeb & Co., addressed the Canadian Club, and assured the business men and statesmen who compose that club that they could dismiss their fears, that they (the bankers) had the situation well in hand, although they had had some anxiety during the past year or two. That speech marked, in my opinion, the end of a real epoch.

Now, in politics as distinct from political economy, the genius of this country is pre-eminent, and if there is any possibility of steering the ship of state through the storms of the next few years, it will probably be done by the politicians of this country, although their quality is distinctly inferior to that of past generations. I emphasise this because, while I believe that in particular the handling of this Debt situation is both of immense importance and is very largely a matter of politics, I think that the body of opinion represented in this room has now a double duty laid upon it, that of work towards a rectification of political economy, and that of holding an increasingly powerful watching brief upon day to day politics.

While the title of this talk is the "Debt Situation", it could be equally well described as the Anglo-American Debt Situation, since for reasons which I propose to touch on immediately, the two descriptions are practically synonymous, and really arise out of the Balfour pronouncement on the subject of intergovernmental debts to the effect that Great Britain would only collect from her debtors such sums as the United States insisted on collecting from her. As you are all probably aware, there have always been three main views on this Debt situation, looking at it purely from political as distinct from, let us say, the Social Credit point of view. The first of these views is the view of France, which is that the debts were not owing. This argument is most clearly brought into relief by pointing out that while the United States entered the War in 1917, she did no fighting whatever until 1918, and, as a matter of fact, very little then in comparison with anyone else, but that from the time of the Declaration of War by her to the time in which she actually participated in hostilities, she charged all the Allies indiscriminately with all the munitions supplied to them, but when the same munitions were eventually fired by herself, no charge was made. The French argument is in effect that so far from the United States charging for the supply of munitions France and the Allies ought to have charged the United States with

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## FROM WEEK TO WEEK

Writing in *The Illustrated London News*, 12 Dec., 1970, Sir Arthur Bryant describes Mr. Peter Shore as "a brave man". This was because, on 27 Nov., Mr. Shore had made a speech in which he pointed out, as we have pointed out for years in these pages, that the "terms" for Britain's entry to the Common Market are the terms that could be expected to be imposed on a conquered country. Mr. Shore said (*Daily Express*, 28 Nov.); "If we had been defeated in war, such limitations on our economic freedom, and a burden of reparations amounting to £500 million a year, would have been judged to have been harsh terms . . . ."

"It would be an absurdity, a tragedy, a betrayal, for this of all nations to agree to hand over to untried and alien institutions in Brussels, and to countries where the practice of government and democracy is far less happy than our own, the right to determine the future of Britain and the well-being of its people.

"We would be mad even to contemplate such a package. These are not negotiations between equals: they are a demand for unconditional surrender . . . ."

A brave man is one who displays courage in the face of danger. What sort of danger does Mr. Shore face? The most obvious one is the end of his career as a politician. Such an end is not likely to be brought about by the electorate. The mechanism was displayed when Mr. Heath dismissed Mr. Powell from the Shadow Cabinet for his display of courage in drawing public attention to the dangers inherent in large-scale immigration into Britain. And the Labour Party's switch to advocacy of entry to the Common Market is an indication of shadowy forces which, quite outside the forms of ballot-box 'democracy', constrain politicians to follow internationalist policies.

Sir Arthur, paraphrasing Mr. Shore, describes these policies: "The imposition of heavy taxes on our food and essential raw materials; and a surrender of our control over the movements of labour and capital and over our principal industries — coal, steel, agriculture, atomic energy, and transport. Had he been victorious, Hitler himself could hardly have demanded more".

Essential raw materials . . . . For many years, effective World Government was exercised chiefly through the mani-

pulations of international finance; that is to say, nations were constrained to pursue policies not in accord with their long-term interests *as nations* by the selective international financing of their activities. This possibility rested on the acceptance of the myth of the absolute reality of money, all of which was supposed to be convertible to gold. But as Douglas wrote in 1944 (*The Brief for the Prosecution*): "The money myth has been exploded; and legal control of raw materials is essential to the pursuit of the policy to a final and successful issue. Genuine and unfettered private property of any description whatever is absolutely fatal to it".

Why cannot Mr. Heath and Mr. Rippon *et al.* see this? Or can they see it, but stand in fear? What do they fear more than the Nemesis which, Sir Arthur Bryant predicts, would await them at the hands of the electorate should they use "the formidable mechanism of Parliamentary party discipline to force the issue" of entry into the Common Market and, as a corollary, the abrogation of British national sovereignty?

Perhaps Mr. Heath, and Mr. Wilson before him, have been privately but convincingly warned that any attempt by Britain to break out of the financial trap in which she is ensnared would be opposed jointly (as in the Suez Crisis) by Washington and Moscow. The question is, however, would they dare at this stage? But once let the Treaty of Rome be signed, then there is, plausibly, an international obligation to be enforced, whatever vengeance the electorate might wreak on "those who had in their view betrayed them".

What should the British Government do? *Mutatis mutandis*, what Major Douglas proposed in 1933: discredit the system of international indebtedness, and rectify Britain's internal accountancy. Persistence in the present system, which is demonstrably inflationary regardless of any Government's 'economic measures'; which is destroying the middle class without improving the lot of the poor; which underlies strikes, disorder, crime and delinquency is beyond any doubt fatal. To imagine that the surrender of national sovereignty and initiative to the bureaucrats of Brussels — and the International Financiers behind them — will evade the trap is sheer delusion. The Common Market is a contrivance of International Finance — a bigger and better trap, possessing no national sovereignty. We stand at the culmination of a play for the highest stakes in the history of the world — World Dominion for the few who, by self-election of their successors, propose to be self-perpetuating. And when a Communist Government is 'replaced', who does the replacing?

### FABIAN FREEWAY

#### High Road to Socialism in the U.S.A.

by Rose L. Martin

The most detailed and carefully documented account of the origin, growth and present dimensions of the Fabian Socialist conspiracy, with its now virtually total control of the government administrations of both Britain and the U.S.A., is probably the most important book ever written showing how the present disastrous state of the world has come about. Though long, it is easily read; and no one who reads it could any longer misinterpret the current world situation. Fabian Socialism has now nowhere to go but to Communism.

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## Pet Terrorists

We can easily imagine the smiles of the Soviet or Chinese trained and armed terrorists when they hear of the World Council of Churches' allocation, and further learn that the British Council gave "general support" to the World Council for its action, "by a vote of fifty-nine in favour with five against and five abstentions" (*Church Times*, 30 Oct., 1970). Meanwhile the Bishop of Chester said that in his judgment there was one thing we cannot do "and that is to back violence, not only because the Christian conscience shrinks from violence but also because to encourage it could be to plunge people into a blood-bath which, from our safe distance, we should not share".

And the Soviets must find it hard to repress a grin when they read of the bishops sponsoring a campaign to stop the sale of arms to South Africa on the grounds that it would give a "certificate of respectability to South Africa". We should expect the bishops of Stepney and Southwark together with bishop Ambrose Reeves to sponsor such a campaign but we find them joined by the bishops of Durham, London and Chichester. The Archbishop of Canterbury has also expressed his "deep disquiet" to the Prime Minister. That master strategist, the Bishop of Durham (another Dr. Ramsey), finds that the arguments for selling arms are not convincing — oblivious apparently of the massive Soviet sea power or perhaps considering it respectable.

Mr. Ian Smith, naturally, does not find the W.C.C. resolution amusing and bluntly asks, in a cable to the *Sunday Express* (1. Nov., 1970) headed "The Blind Bishops" — whether its sponsors "have seen the horrifying photographs of defenceless men, women and children of all races who have been savagely murdered by these communist-trained killers", or whether they would feel the same way "if they had witnessed children being burned alive by the recklessly thrown petrol bomb". He points out that the "savagery of terrorism has forced Canada and Ireland, as well as Jordan, to take far sterner measures than those employed by Rhodesia".

Marcello Caetano, the Prime Minister of Portugal, spoke before the district committees of the National Popular Action Movement on 27 September, 1970, and showed his calibre as a statesman, for he spoke on the theme, "Portugal belongs to us all; we all go to make up Portugal". He pointed out that the guerillas in Mozambique and Angola or those who harass the frontiers of Portuguese Guinea "would long ago have been annihilated had it not been for constant foreign aid . . . It is foreign countries that supply the terrorists with money, weapons, supplies, together with a lying publicity machine". He reminds us that the Portuguese settled five centuries ago in "empty tracts of land, with here and there very primitive tribes". He complains of the "incredible campaign waged against us, the main centre of which is the United Nations Assembly". The Archbishop of York has now joined the publicity machine in approving of W.C.C. grants to Frelimo, we might add.

The bishops' case against Rhodesia grows weaker now that Sir Humphrey Gibbs has shown his hand, for he "now reveals his scrupulously concealed inner feelings — that no good Rhodesian could approve of sanctions, and their results, as a means towards a settlement", and has become patron of the Rhodesian Promotion Council (*Daily Telegraph*, 2 Nov.,

1970). Two days later, B. S. Ellis writes to the same newspaper from the Senate, Salisbury, to indicate that "colonialism" should be regarded as "an evolutionary step in the awakening from sloth and slumber of 2,000 years of this vast African continent". The British have no right to condemn those who have built "a happy and a prosperous land from malarial plains bloodied by perpetual internecine tribal strife." Yet Rhodesia is suddenly condemned "for continuing the very policies which had won it acclaim". And the mass of critics know little of the conditions and would never presume to intervene in any other situation of which they knew so little.

But the final word goes to Muhammed bin Abdulla who writes to the same journal to ask whether President Nyere is honest and fair to criticise South Africa "when in his so-called Union of Tanzania there is . . . oppression, discrimination and injustice in Zanzibar". The imposed union "remains in power by sheer brute force".

— H.S.

## The Anglo-American Debt Situation

(Continued from page 1)

the use of their armies for fighting her fight until she was ready. The British attitude towards War Debts was exactly what you would expect from British political character. It ignored all questions but that of expediency, and merely contended that the Debts were probably uncollectable and that it would be bad business to collect them anyway. The United States attitude requires a little more examination.

At the outbreak of War, Mr. Walter Page, American Ambassador to Great Britain, is credibly reported to have communicated with President Wilson to the effect that the British Empire was now delivered into their hands. There can, I think, be no doubt that this idea has been predominant in the whole of Anglo-American politics between 1914 and, say, 1930. In 1930 it lost its firmness of touch, and in September, 1931, when this country was alleged to have left the Gold Standard, it may be said to have received its first, and decisive, check. Broadly speaking, then, the whole course of world politics since 1918 has been directed towards placing this country between a European continent which would not pay, and a United States which insisted upon payment in a specified form, irrespective of any of the contingent circumstances, and with the hardly concealed objective of, in the first place, imposing an insoluble economic problem on this country internally, and the external objective, equally important, of inducing a default which would ruin the financial status of the country, probably irrevocably. Victims of this war have probably been as great in number as those who fell between the years 1914-18, and their mental and even physical sufferings have been greater. It is, perhaps, advisable to recall the fact that the great mass of United States citizens were mere tools in this policy.

Mr. Hore-Belisha, Financial Secretary to the Treasury, stated: "The aggregate amount of fifty-two annuities outstanding in respect of the British War Debt to the United States under existing agreement is about 9,790,000,000 dollars. Of this, 4,398,000,000 dollars represents repayment of capital, and the rest interest. The amount which would be owing if no interest had been charged on any of the sums

lent is 2,385,000,000 dollars". That is to say, we are committed to pay in money to be transferred from this country to the United States more than four times the amount of money actually spent in the United States, which never left it, but which was spent in the United States, for the production of goods, all of these being priced at the peak prices which were attained at the end of the War. That is one, and a sufficiently serious aspect of the problem, of which I think the proper precis is that it is an obvious absurdity. The only practical issue which arises from it concerns the terms on which it should be abrogated.

This situation, serious enough in itself, is complicated by an internal factor in the United States, which, if the general consequences were not so serious, would be grimly funny. As it is hardly necessary to remark, the Liberty Bonds which represent the sums raised in the United States and alleged to be loaned to Great Britain, were financed in exactly the same way as the War Loans of all other countries. With the exception of a small percentage, probably not exceeding 5 per cent in the United States, they represent bankers' credit (merely book-entry-created-money), which was extended to the United States Government in return for the Liberty Bonds. To conceal this operation, however, a tremendous drive all over the United States was put over with characteristic American efficiency, resulting in the sale to the public of the 5 per cent. of bonds previously mentioned, and the public was very firmly imbued with the-idea that it had subscribed the whole of the money. (Now see the Banking swindle and illusion). Since it is plain to the American bankers that insistence upon the letter of the bond in connection with world debts besides being quite impracticable would infallibly wreck the financial system, and since, as previously mentioned, the primary objective of the Debts is in any case political, it is vital both to the United States political and financial interests, first, that they should be authorised to cancel the Debts in return for political advantages, and secondly, that whether the political advantages are obtained or not, the Debt should be cancelled anyway. But their own propaganda in conjunction with the situation produced by banking and finance has united American public opinion, as distinct from New York or Wall Street opinion, solidly against any such course, since it is impossible to tell the general public that the cancellation of the Debt merely means crossing off a number of figures in a book, and that no-one would be a penny the worse. The American citizen anywhere west of the State of New York, in the first place, does not believe it and, in the second place, says that if it is as easy as this to cross off debts of this colossal magnitude, it is equally easy to cross off all the present debts he owes to his banker in the form of mortgages and other commitments, and if one of these is done he is solidly determined that the second shall be done also.

Over and above these general considerations, however, there is the atmosphere produced by the economic and financial situation in the United States themselves. I may, perhaps, say that, in my opinion, there is nothing in the American situation as it is developing at the moment to lessen the threat of a world dictatorship, which, it appears to me, has always been the objective, whether conscious or not, of high finance.

What, then, ought to be our policy in this country in regard to the Debt situation? That again seems to me to be quite

clear. It should be to keep the negotiations in regard to it, if any, directly on the basis of debt, to offer to pay, and to continue to pay, in gold so long as we possibly can, while at the same time both discrediting gold and forcing down its price, and making it clear to the-world at large that the Debt was not contracted in gold and the bargain is, as I think undoubtedly it is, an unconscionable bargain. The action of the Bank of England in buying gold in excess of that required for the purpose of paying the United States should be branded as traitorous. In that way we shall undoubtedly strengthen our position to such an extent as to force readjustment from the American side. If in the meantime we modify our own financial position along Social Credit lines, there is no doubt at all that we can export at a price level which will provide us with the dollars necessary to meet the American debt without any very serious effect upon ourselves. But the one thing which in my opinion would be absolutely fatal would be to allow dollar diplomacy to operate, that is to say, to agree to a reduction of the Debt in return for tangible political or industrial advantages. While I have no direct information on the subject, I obtain the impression that this situation is fairly well understood in Government circles, and that unless some unforeseen calamity, such as the substitution of a so-called (English) "Labour" Government for the present Government were to occur, we are fairly safe in this matter for the present. The election of a Labour Government, so-called, would without a shadow of a doubt deliver this country over hand and foot to the unrestrained action of high finance, probably led by such individuals, as the Marquess of Reading, Sir Rufus Isaacs, and the associates with whom the American Debt was originally contracted, and the outcome of such a situation could not fail to be calamitous.

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by C. H. DOUGLAS

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