# THE SOCIAL CREDITER

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when media moguls and politicians foregather in Bilderberg conclave, we are caught up in

# The Paper Chase

Britain as a nation is in the process of getting rid of the Government because "the papers" tell us we should. We are in prolonged debate over Europe because "the papers" want full and frank discussion, preferably with all the trimmings of a cock-fight. Yet is it not strange that the leading contenders on both sides of the great European divide are bankers' men?

Virtually all the great Press proprietors are, too. They cannot afford not to be. And politicians feel the same.

Thus there is a confluence of interest: all need readers/voters as consumers. In the old jargon, it is a battle for hearts and minds. But who are the sponsors? Under the Bilderberg banner all political and Press rivalry is shed. They come together in common cause.

What the media tycoons collectively aim for is de-stabilisations . . . of parliament; of monarchy; of local government; of religion. They aim for this because it creates *compensation*. That is what happens when someone is starved of one thing but will settle for another. No bread, plenty of cake. The best illustration is of the love starved child fed then feeding herself on chocolates. If a people are deprived of freedom of will, then they may tend to settle for a surfeit of mock battles purporting to be in the same cause.

The whole country is riven with pseudo-feuds: football matches and their pitch invasions; cultural clashes; religious ferment on the streets; adversarial politics; lottery versus charity. A craving for real thought and principle has been subdued by a gooey mess of altercation and invective. The ultimate compensation for such loss is found in consumerism - living like there is no tomorrow.

The media fosters consumerism because media does not live by news alone; it is the promotional arm of goods and services world-wide. Media is part of conglomerates and conglomerates are locked into the banking system. Softened up by the media, we the mass are ready to spend the pounds in our pockets on ever more junk food, ever more expendable gadgets, ever more transient little luxuries. Built-in obsolescence in material things makes it easier for us to adjust to the same in institutions. All this is embraced in the name of progress.

Just as the populace is encouraged to acquisition so global merchants lead the way: the purveyors of news must acquire the means of transmission, or vice versa; the transmitters must acquire every single receiver they can lay their hands on. So they arrive at us: the readers/voters/consumers.

Just how important we are can be seen in our record of newspaper reading. Out of a population in the UK of 55 million, a total of 14,402,500 buy a national newspaper.

A rule of thumb says multiply every purchase by four to get the readership.

That means virtually everyone in the UK is a reader.

Every consumer is a reader is a voter, in effect. Of these, 3,987,030 take the *Sun* - that is, almost four million households. The total popular sales come to 8,070,241. In the middle market led by *The Daily Express* and *Daily Mail*, there are 3,588,255 homes receiving pronounced political views and sundry offers. In the quality field of *The Times, The Daily Telegraph. The Guardian, The Independent, Financial Times,* the total sale is 2,744,004.

The total Sunday paper sale of nationals is 12,731,706 and obviously this press will receive more attention from the family of four, though many will take more than one paper.

When you consider a very strong regional daily Press such as *The Scotsman, Western Morning News, Yorkshire Post* and also best-selling provincial evening papers, it is evident that the fate of Westminster lies in the hands of the British Press. When you consider that the *Telegraph's* Conrad Black is a Bilderberger and Rupert Murdoch spans the reading public from the *Sun* to *The Times*, it is seen that the people's perceptions are through the eyes of a global few.

Iain McGregor

*It's an embarrassment when someone gets*

# The Wrong End of the Stick

**Mr John C Turmel, B.Eng., Leader of the Abolitionist Party of Canada**, has circulated "monetary reformers" with "some information on the LETS banking system growing in all major commonwealth nations which uses Greendollar interest-free social credits". [LETS = Local Employment Trading System] He seeks to justify this use of the term "social credit" by citing the Time Dollars and Greendollars used in the accounting of some LETS systems. He says "...all credit systems which bear no interest are social friendly credit systems".

After acknowledging C.H.Douglas as "having made these nations more receptive to the idea of interest-free banking", he offers his own "in-depth analysis" of the Douglas analysis. He disagrees with Douglas about "the cause of the price rise", claiming that "only interest is the problem" - hence abolish interest and all will be well. He produces some mathematical formulae as a means of proving his point.

So no thought here of savings by individuals and companies, or of their reinvestment in production to generate fresh costs and prices but no fresh purchasing power to meet them. No mention either of depreciation costs charged into prices. All such factors other than interest, he claims, are "cancelled-out" by "what I call the splashing in the (economic) pool costs" as opposed to "pumphouse costs", i.e., interest on bank loans.

Remarkably for an engineer, he tries to explain this by the "velocity of circulation", quoting a New Zealand source. One $50 note changes hands several times in one day, thereby paying off a $50 debt at each turn! Douglas exploded this fundamental fallacy in "The New and the Old Economics", carefully discriminating between the face value of a monetary token and the actual chains of debt liabilities behind each of the debts concerned.

In this, as in other aspects, Mr Turmel cannot be deemed a Social Crediter. Indeed, there is something preposterous in his assertion that he has "accomplished the monetary reform that Social Credit has always advocated". Equating LETS systems with Social Credit just because they facilitate barter by utilising self-created credits and debits is ridiculous. It confuses a localised exchange technique with a whole philosophy of economic and political reforms. Turmel's position is intellectually dishonest, and the Social Credit Secretariat does not recognise any aspect of it as Social Credit.

LETS systems will stand or fall entirely locally and communally depending on whether they provide sustainable services to satisfy their members. But they will not begin to meet the present failure of the employment system as a means of distributing incomes. They will not begin to distribute the unearned increment of association deriving from our common cultural heritage. They certainly pose no threat to the illegitimate global monopoly of credit and its debt-money system.

Mr Turmel, then, presents a travesty of Douglas. Even the "monetary reformers" he addresses must be dismayed by such posturing. Having dismissed Douglas' economic analysis, he also ignores Douglas' principles of political democracy. Having "run in over 30 elections in the past 10 years as an Independent monetary reform candidate", (but no results disclosed), he still appears to accept the concept of party politics, however futile. Why play party politicians at their own dubious games when the potential power of LETS people to demand desired results is a worthier investment?

Donald Neale

**Chairman, The Social Credit Secretariat**

Reference is made above to "The New and the Old Economics". The Editor writes:

This pamphlet is mainly a rebuttal of criticisms of the Douglas analysis made by two professors of economics. In it, Douglas says:

"At this point it may be desirable to deal with the common error that the circulation of money increases its purchasing power, an error which seems implicit on page 19 of Prof. Copeland's pamphlet where he remarks: 'A given unit of money will circulate many times in a unit of time. It will make many payments because it has what economists call velocity of circulation'. I think that what Prof. Copeland means by this is that if I pay £1 to the butcher for meat and the butcher pays £1 to the baker for bread... then two debts are liquidated. This is a complete and major fallacy. The butcher incurred costs, perhaps from a farmer in respect of cattle supplied, who in his turn possibly borrowed £1 from the bank.

"In any case, if the butcher uses my £1 to pay the baker, he has broken the chain of repayment from me to the farmer and ultimately to the banker, and the costs which were created when the farmer sold his cattle to the butcher are not liquidated... The essential fact is that one unit of money can circulate an indefinite number of times through the costing system, in each case creating a fresh cost or, if it be preferred, a fresh debt charge, but not fresh purchasing power."

It may be helpful to add the following extract from our recent booklet in the "Sustainable Prosperity" series on "Money".

"Douglas analysed the flows of money through the economic system and demonstrated mathematically that the root cause of so-called recessions is a chronic deficiency of consumer purchasing power. The main reasons for this are:

1. All incomes derive from the productive system as wages, salaries and dividends (including incomes distributed from national or local taxation).
2. Each productive cycle starts with the investment of capital to finance the costs of production, ... to which must be added an allocation of costs for depreciation. It ends with finished goods on the market with price tags attached, reflecting all costs.
3. The capital invested may come from savings, i.e. retained profits or shareholders' funds or from bank loans. Most large-scale production is financed by bank

loans, i.e. newly created bank credit. Money thus flows outward from the bank where it is created, generating costs to the producer, all of which must be recovered in prices. Money flows back to the bank from consumers via retailer, distributor and producer, thus liquidating costs. On its return to the bank, the loan and the money are both cancelled out of existence.

4. Producers' costs include depreciation of plant and other overheads, materials, labour and energy consumed, plus profit and bank interest. But the only purchasing power distributed direct to consumers *in the course of the productive cycle* are wages and salaries.

In short, each productive cycle generates a flow of prices at a faster rate than it generates a flow of purchasing power and the system is not self-liquidating. 'The essential point is that when a given sum of money leaves the consumer on its journey back to the point of origin in the bank, it is on its way to extinction. If that extinction takes place before the extinction of the price value created during its journey from the bank, then each such operation produces a corresponding disequilibrium between money and prices'. 'This deficit may be made up by the export of goods on credit, by the writing down of goods below cost, by bankruptcies, and by money distributed by public works and charged to debt. But in the main it is represented by mounting debt'.

(Douglas, *"The Monopoly of Credit"*)

# Pope wants foreign debt cancelled

## $418 billion in interest on original loans of $80 billion

**For the opening of the third millennium, Pope John Paul II is seeking the abolition of public debts.**

Here are excerpts of an article in the June 24, 1995 issue of the Toronto Catholic weekly, "The Catholic Register". Address: 67 Bond Street, Toronto, Ontario, M6B 1N6.

VATICAN CITY (CNS) — If developing countries were given one wave of a magic wand, they would probably use it to erase the nearly $2 trillion foreign debt that burdens their collective economies.

Pope John Paul II has suggested that debt cancellation be seriously considered as a way to usher in an era of economic fairness at the start of the third millennium.

Vatican officials challenge the assumption that debt forgiveness would simply be a gesture of charity toward poorer nations.

"We have to ask ourselves whether debt cancellation would be an act of mercy or an act of right," Monsignor Diarmuid Martin, undersecretary of the Pontifical Justice and Peace Council, told a group of economic and legal experts meeting in Rome in late May.

According to figures provided at the Rome conference, for example, during the period 1980-1990, Latin American countries paid $418 billion in interest on original loans of $80 billion. Because of factors such as currency exchange fluctuations, the interest rate has jumped from an original six per cent to more than 30 per cent in many cases.

As things stand, in order to finance debt repayment, many Third World countries are still being forced to adopt economic adjustment programs that cut deeply into social services and domestic spending.

# Bishops Attack IMF

**Seventy-five Bishops from Latin America are now attacking the policy of the international financial institutions**, says an article in the May 15, 1995, issue of the U.S. "New Federalist" Journal (P.O. Box 889, Leesburg, VA 22075, U.S.A.)

Seventy-five Latin-American Roman Catholic Bishops, meeting in Mexico May 1-7, called upon Roman Catholics, both clergy and laity, to mobilize to change International Monetary Fund policies which have brought only destruction, and to replace them through a new regional economic unity premised on development.

Leading the public presentation of this campaign was Honduran Bishop Oscar Rodriguez Marádiaga, elected at the meeting to a four-year term as president of the Latin American Bishops Council (CELAM). In a press conference, as the meeting opened, he charged:

"International bodies are applying economic adjustment policies which are asphyxiating our people... Despite the clear failure of these adjustments, the international financial institutions insist on forcing governments to adopt them." The nations of Latin America "blindly obey the international financial institutions," he noted, even though their policies "have produced extreme poverty," and "carry inequity in their genetic code."

These institutions and the owners of money "don't plan for the long term; they live in the here and now, and are not interested in the future, they only act in favor of their own interests, and in the final analysis, they think that if Latin America rebels, it will die of hunger."

The Latin-American nations can only fully develop through actual, «not poetic», integration, he added, calling on the bishops and the laity to work to bring about this unity, as one of the great challenges which CELAM must take up, as it seeks to infuse the Gospel into politics and economics.

"It is not difficult to find common ground, because our entire continent is overwhelmed... not merely (by) the foreign debt, but also the structural adjustments to the economy imposed by the international credit institutions," he reiterated.

# A Bit of Property

C.H.Douglas likened the policy of the existing financial system to that of a government - "it is the most powerful means of constraining the individual to do things he does not want to do; ie, it is a system of government. This implies a fixed ideal of what the world ought to be".

He went on "economic activity is simply a functional activity . . the end of man, while unknown, is something toward which most rapid progress is made by the free expansion of individuality . . and therefore economic organisation is most efficient when it most easily and efficiently supplies economic wants without encroaching on other functional activities".

Money of course facilitates ownership of property. I would certainly not dissent from the proposition that "the legal right to property must approximate the moral right to property" and I suggest that Social Credit provides the means for that. Except for the relative few fortunate enough to inherit property, (using the word in its broadest sense), the route to property ownership at present is only through profitable employment. While there is scope for full employment in the short term, eg, to restore and improve the social infrastructure through debt-free funding, employment is progressively failing to fulfil the function of income distribution because of technological change. Enough for all is producible with ever fewer people employed in its production - hence unemployment and attendant poverty amid actual and potential plenty, and the forced export of unsaleable surpluses.

The very success of technological innovation, as in the automation and information revolutions, means that for most people ownership of property through earnings is a fading dream, as with those with negative equity on their properties. In the EC, unemployment averages 11% of the workforce.

What now has to be recognised and implemented is that the problem is no longer "unemployment" but "unempayment". Since "work" is failing as a means of providing incomes, other means are necessary. Social Credit advocates the National Dividend, payable to all as a birthright of national citizenship, over and above earnings. The pragmatic justification for it is that only by issuing purchasing power to consumers direct, without it first appearing in costs of production, can the chronic deficiency between aggregate prices and aggregate effective demand be made up. Its philosophical justification is that the main factor in current productivity potential is neither capital nor labour but the accumulation of scientific and technological "know-how" applied to the productive process. This is a common inheritance from generations of scientists, engineers and inventors in which we all share. Hence everyone has an equal claim to the fruits of this common cultural heritage.

It would of course entail radical reform of the monetary system, basing it on the economy's productive capacity instead of on currency so that it accurately reflected physical facts instead of distorting them.

Incidentally, I think this would be right in line with the Keynes maxim, "I sympathize, therefore, with those who would minimize, rather than maximise, economic entanglement among nations. Ideas, knowledge, science, hospitality, travel, - these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible and, above all, let finance be primarily national".

Finally, I understand the importance of ownership of property as the only means at present of securing individual independence. But it is not necessary to "own" property provided you can gain access to it at will. Access is dependent on money, so security of a money income independent of earnings - as by a National Dividend, inalienable by right of citizenship as a shareholder in "Canada Ltd" - would both reinforce and transcend the notion of ownership.

*Donald Neale*

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***Point Taken* is an occasional column dealing with specific questions arising from general Social Credit perspectives. The text comes from actual responses to individual enquiries, recently received.**

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## RECOMMENDED READING

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| **Douglas, C. H.** | The Brief for the Prosecution. |
| | The Development of World Dominion. |
| | Economic Democracy. |
| | Monopoly of Credit. |
| | The Policy of a Philosophy. |
| | Social Credit. |
| **Eringer, R.** | Global Manipulators. |
| **Maré, Eric de** | Matter of Life or Debt. |
| **Monahan, Bryan W.** | The Moving Storm. |
| | The Survival of Britain. |
| | Why I am a Social Crediter. |
| **Robertson, Thomas** | Human Ecology. |
| **Social Credit Secretariat** | Elements of Social Credit. |


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This journal expresses and supports the policy of the Social Credit Secretariat, founded in 1933 by Clifford Hugh Douglas. The Social Credit Secretariat is non-party and non-class, neither connected with nor supporting any political party.

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