THE SOCIAL CREDITER

Volume 75 No 6 | **FOR POLITICAL AND ECONOMIC REALISM** | November - December 1996

The Making of One World

Vic Bridger examines the building blocks in today's Tower of Babel, with Lloyd Wood on the CFR.

What may at first appear as unrelated episodic events in history, said C H Douglas, could also be seen as "crystallised policy". They do not just "happen"; they are the results of deliberate policies - a view shared by President Franklin Roosevelt.

Over the years, TSC has pinpointed the policies of the Council on Foreign Relations (CFR), The Trilateral Commission (TC), The Bilderberg Forum (BF) and the Bank for International Settlements, as well as national central banks such as the US Federal Reserve, the Bank of England and the Australian Reserve Bank.

The Weekend Australian (June 1-2, 1996) drew attention to a publication [1] entitled *American Hegemony and the Trilateral Commission* by Stephen Gill. It regarded this as "a scholarly study of the relationships" between the first three of these, noting how they "are financed by bodies such as the Ford and Rockefeller Foundations and many of the largest US and European banks and trans-nationals".

Recognising the frequent denunciation of them as a "conspiracy", the feature said they "might be regarded more cautiously as a forum (to) seek a consensus to drive the world in the general direction of globalism, deregulation, economic rationalism - which accords with their worldwide economic interests". If this is correct, what can be said of the results of their policies?

Ethan B Kapstein, Director of Studies at the Council on Foreign Relations, is quoted from an article in *Foreign Affairs*[2], its bi-monthly publication. *The Weekend Australian* observes "it could not have been published against the wishes of his employer".

Mr Kapstein's article at first glance would appear to be a call for action to be taken on behalf of the workers of the world. He says "The global economy is leaving millions of disaffected workers in its train. Inequality, unemployment and endemic poverty have become its hand-maidens. Rapid technological change and heightening international competition are fraying the job markets of the major industrialised countries".

Who could argue with that statement? But who was responsible for the processes leading to the global economy in the first place?

Mr Kapstein continues: "It is hardly sensationalist to claim that in the absence of broad-based policies and programmes to help working people, the political debate in the United States and many other countries will soon turn sour. Populists and demagogues of various stripes will find 'solutions' to contemporary problems in protectionism and xenophobia. Indeed in every industrialised nation, such figures are on the campaign trail. Growing income inequality, job insecurity, and unemployment are widely seen as the flip side of globalization. **That perception must be changed if Western leaders wish to maintain the international system their predecessors created"**. (Emphasis added)

What is Mr Kapstein really doing here? Surely he is trying to deflect criticism from the interests he represents whose policies over the years are directly responsible for the global problems he identifies. Their role has been carefully chronicled by Carroll Quigley in his seminal work *"Tragedy and Hope - a history of the world in our time"*.[3] Quigley, formerly a Professor at Georgetown University, and himself a member of the CFR for many years, was given special access to many of the CFR's files in compiling his book.

Tracing the development of the international monetary system as the principal means of imposing global policy, Quigley asserts that the banks "used their power and influence to do two things. (1) to get all money and debts expressed in terms of a strictly limited commodity - ultimately gold; (2) to get all monetary matters out of the control of governments and political authority on the ground that they would be handled better by private banking interests in terms of such a stable value as gold".

The Bank For International Settlements

After World War I until 1931, there were many disruptions in the acceptance of the Gold Standard, with some countries abandoning it, then returning to it, and then going off it again. It was during this period of turmoil that the Bank for International Settlements was founded in 1929, ostensibly to deal with the orderly settlement of war reparations between countries. While it did not operate successfully in that role, it came to serve a more crucial purpose in later events. As Quigley puts it:

"the powers of financial capitalism had another far-reaching aim, nothing less than to create a world system of financial control in private hands to dominate the political system of each country and the economy of the world as a whole. This system was to be controlled in a feudalist fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent private meetings and conferences. The apex of the system was to be the Bank for International Settlements in Basle, Switzerland, a private bank owned and controlled by the world's central banks".

Central banks at that time were all private corporations.

Quigley continues:

"The commander-in-chief of the world system of banking control was Montagu Norman, Governor of the Bank of England, . . . who was built up by the private bankers to a position where he was regarded as an oracle in all matters of government and business. In government, the power of the Bank of England was a considerable restriction on political action as early as 1819, but an effort to break this power by a modification of the Bank's charter in 1844 failed. In 1853, Gladstone, then Chancellor of the Exchequer and later Prime Minister, declared, 'The hinge of the whole situation was this, this government itself was not to be a substantive power in matters of Finance, but was to leave the Money Power supreme and unquestioned'."

"This power of the Bank of England and its Governor was admitted by most qualified observers. In January 1924, Reginald McKenna, who had been Chancellor of the Exchequer in 1915-16, as chairman of the Midland Bank told its stockholders: 'I am afraid the ordinary citizen will not like to be told that the banks can and do create money . . . And they who control the credit of the nation direct the policy of Governments and hold in the hollow of their hand the destiny of the people'. In that same year, Sir Drummond Fraser, vice-president of the Institute of Bankers, stated, 'The Governor of the Bank of England must be the autocrat who dictates the terms upon which alone the Government can obtain borrowed money'".[4]

The Establishment of Financial Control through the IMF

As a consequence of British abandonment of the gold standard, the world divided into two blocs - the gold bloc and the sterling bloc. Though the two blocs continued to exist up to 1936, this split provided the impetus towards a further development that was to rise above either gold or sterling as the means for backing currency values.

In 1944 in *Currency after the War - the British and American Plans*, Paul Einzig outlined the plans being made during the war for a change in the financial system that would supersede the Bank for International Settlements. The two plans were those of Lord Keynes, known as the Keynes Plan (British), and of Harry Dexter White, known as the White Plan (American).

Because of the split into gold and sterling blocs, it was feared that the world might become divided into a number of currency blocs and there was a need to establish a new institution. As Einzig stated:

". . .there would be a danger of a resurrection of the moribund BIS. There would be no justification for it from a technical point of view for there is nothing the BIS could do by way of financing relief and reconstruction that could not be done by other existing banks. Politically it would be a mistake to place power in the hands of the BIS even after the removal of its Axis directors, two of whom ... are likely to be included in the list of war criminals".

Subsequent events saw the acceptance of the White Plan through the establishment of the International Monetary Fund. The IMF thus replaced the BIS in its role of control and further, with the creation of Special Drawing Rights (originally called "paper gold"), it was able to create credit out of nothing on the strength of contributions (deposits) from member countries.

Political Control

To trace the development of political control in parallel with financial control, we can go back to the early part of the century and note that the Council on Foreign Relations (CFR) in New York City had existed for nearly fifty years in anonymity. In October 1972 an article from *American Opinion* by Gary Allen was republished in *The Social Crediter*. It dealt in detail with the activities of the CFR and named many of the influential members.

Explaining how efforts had been made for several years to expose CFR activities, it reported that George Wallace from Alabama, a candidate for the Presidency, intended to make the CFR an electoral issue. (While campaigning, Wallace was shot in an attempt on his life and left paralysed.) Allen comments, "Obviously anticipating this, (ie, exposure) two very similar articles on the CFR appeared in the *New York Times* and the *New Yorker*. The strategy was to admit that the CFR has long acted as an unelected secret government of the US but to maintain that it has voluntarily withdrawn to the sidelines for the reasons of altruism".

Allen pointed out that:

"Among the founding fathers of the Council were such potentates of international banking as J P Morgan, John D Rockefeller, Paul Warburg, Otto Khan and Jacob Schiff", and asked:

"Why were the world's richest men interested in establishing a World Government?"

Because control of the power pinnacle of a World

Government assures ultimate monopoly. The CFR is the chief tool of the Money Trust in promoting World Government. *Study No. 7* published by the CFR on November 25, 1959, openly advocates "building a new international order".

Allen continued:

"As World War II ended, the Rockefellers used their foundations to pump millions into the creation and expansion of institutes of international studies at universities which could be depended upon to promote the 'right sort' of foreign policy. Between 1948 and1954, the Rockefeller and allied Carnegie foundations poured $34 million into such projects. Later, the $3.5 billion Ford Foundation, heavily interlocked with CFR and Rockefeller interests, became chief subsidizer of these schools, whose graduates were quickly placed in federal government".

Bankers' Hegemony

Running parallel with this development of centralised control over finance and policies were calls for the complete independence of banks from government control. On November 9, 1964, Maurice Frère, then Honorary Governor of the National Bank of Belgium and President of the Bank for International Settlements, declared:

"To ensure a better defence against the various possibilities of inflation, it seems essential that the monetary authority should enjoy a large measure of independence vis-à-vis the political authority in spite of the wish that some people may have to subordinate the former to the latter."

He added:

"the independence of the monetary authority from the political authority is not enough in itself..

It is essential that this independence be supplemented by legal provisions giving those responsible for monetary policy a secure foundation which will enable them to resist effectively any pressure that the government may be tempted to exert on them".[5]

On May 16, 1968, Dr M W Holthrop, former President of De Nederlander Bank, commented:

"Central banks in an integrated community must therefore be able to support one another's policies. For this purpose it is necessary that they have as effective powers of control over the volume of operations of their banking systems in other community countries as they have over local operations".

This obviously was said in the context of the EEC and the potential European Central Bank.

He added:

"In asking for and making use of such powers, central banks may well find themselves up against the protagonists of 'liberty' within the community".

Under the heading "Is banker's hegemony credit-worthy?", *The Weekend Australian* of June 1/2, 1996, commented:

"Had the international gathering held in Sydney in the first week of this month been composed of presidents or prime ministers, it would have monopolised the front pages of the world's leading newspapers. With the exception of one sizeable article in *The Australian* and another in *The Australian Financial Review*, it barely rated a line. Yet the participants arguably disposed of more real and effective power than all of them.

"The bankers . . . had spent half a day discussing the price they would demand from countries around the world for bankrolling them. In an increasingly capital-thirsty world, international financiers, the commissars of capital, have become modern potentates with the power to dictate policy to states which have long considered themselves sovereign."

It would appear that the Prime Minister of Australia has agreed to follow the specifics to be implemented as spelt out by Mr John Corzine, president of the investment bank Goldman Sachs & Co., and formerly a central banker. These include more privatisation, fewer subsidies, and smaller public payrolls with the inevitable cutbacks in Education, Health and Welfare. These are inherent in all of the policies being followed by governments in other western countries.

References:

1. *American Hegemony and the Trilateral Commission*, Stephen Gill, Cambridge University Press, 1990.
2. *Workers and the World Economy* by Ethan B. Kapstein in *Foreign Affairs*, Journal of the Council on Foreign Relations, May/June 1996.
3. *Tragedy and Hope: A History of the World in our Time*, Professor Carroll Quigley: The MacMillan Company, New York; Collier-MacMillan Limited, London, 1966.
4. Ibid.
5. *Economic Growth and Monetary Stability*, Lecture by Maurice Frère, 9 November, 1964 at Basle, Switzerland.

Summary

1. The policies pursued by the institutions named in this article have been and still are directed to the establishment of a global monetary system under centralised control. Ostensibly designed to stabilise currency values and combat inflation, it is in reality being consolidated as the principal arm of a world government, superior to and independent of elected governments. Economic and Monetary Union (EMU) in Europe is the next stage in this process.

2. The monetary system is fundamentally flawed in two crucial respects: (a) private banks retain the monopoly of creating money only as debt repayable to themselves, entailing irredeemable debt as a means of control; (b) it distributes insufficient consumer purchasing power to match ever-increasing productivity based on technological advance.

3. Widespread unemployment, poverty, cutbacks in social services, crime and social disruption, and high taxation inevitably follow from policies dictated solely by monetary criteria. In direct contrast, the real economies demonstrate their ability to provide a sufficiency for all despite ever fewer people being engaged in production and distribution.

4. C H Douglas has provided the new means now required for the equitable distribution of wealth, the National Dividend and the Just Price. The choice is: individual freedom OR economic servitude.

"It is simply childish to say that a country has no money for social betterment . . . when it has the skill, the men and the materials to create that betterment . . . The history of money is one long unbroken history of fraud, and this power of money-creation by the banks is the final chapter . . . I find it incredible that a stable society can persist founded on the most colossal lucrative fraud that has ever been perpetrated on society. If we hypocritically claim that the employment system is a moral system and that man must be kept at work rather than choose work, we are sealing the doom of this civilisation".

C H Douglas, 1936.

What Does This Council Do?

Lloyd Wood looks behind the grand title at the grand design.

The Council on Foreign Relations (CFR), based in New York, has but one aim: for sovereign nations to surrender that sovereignty to a New World Order already prepared.

Carroll Quigley, Professor of International Relations at Georgetown University, revealed previously hidden details of the CFR in his book, *Tragedy and Hope, A History of the World in Our Time*, (1966).

Quigley, a member of the CFR for many years, was given permission to inspect confidential files for this book. However, as he bluntly stated, he was not allowed to view *all* the material.

Quigley traced the lineage of the CFR back to Cecil Rhodes and his vision of a world government.

Cecil Rhodes, with financial backing from Lord Rothschild, acquired a fortune from the mining interests in South Africa he started in 1871. His income in 1890 was estimated to exceed one million pounds sterling yearly. In the third last of his seven wills, Rhodes left his fortune to Lord Rothschild. However, in the last will, Lord Rosebery was appointed as a trustee. The main clauses related to extending British rule throughout English-speaking countries and "to lay the foundations of so great a power as to render wars impossible and promote the interests of humanity".

Toward this end, Rhodes proposed the formation of a secret society modelled on the Society of Jesus and on Freemasonry.

His will provided for Rhodes Scholars to be selected from promising students in England, Germany and USA. They would be schooled in internationalism at Oxford and so further the founder's aim of a world government. Rhodes trustees were to further the doctrines then taught at the London School of Economics, founded and financed by wealthy Fabian Society supporters with the express intention of instilling the ideas of international socialism.

Rhodes had been greatly influenced when at Oxford by John Ruskin who preached salvation for the down-trodden masses and sought to establish a sense of guilt in his well-to-do students. So complete was the conversion, Ruskin's message became the focus of his life.

Quigley writes: "They (ie Ruskin's disciples) were remarkably successful in these aims because England's most sensational journalist William T. Stead (1849-1912), an ardent social reformer and imperialist, brought them into association with Rhodes. This association was formally established on February 5, 1891, when Rhodes and Stead organised a secret society of which Rhodes had been dreaming for sixteen years, (ie, when he was 22 years of age)".

Rhodes was to be the leader; Stead, Lord Esher and Alfred Milner were to form the executive committee; Arthur (Lord) Balfour, Sir Harry Johnston, Lord Rothschild, Albert (Lord) Grey and others were listed as potential members of a "Circle of Initiates"; with an outer circle known as the "Association of Helpers" (later refined by Milner into the Round Table organisation).

This latter also developed from Adam Weishaupt's Order of Illuminati formed in 1776. Infiltration of the Masonic lodges in Europe by Illuminists enabled the Order to foment the civil disorder that led to the French Revolution. Weishaupt had used the structure of the Society of Jesus as his model and had written his Code in Masonic terms.

It was from the outer circle group called the Round Table that the Council on Foreign Relations was born in Paris during peace talks in 1919.

Quigley notes that this group gained access to Rhodes' fortune after his death in 1902, and also to the funds of loyal Rhodes supporters such as Alfred Beit, a German financier and partner of Rhodes, and Sir Abe Bailey. "The chief backbone of this organisation grew up alongside the existing financial co-operation running from the Morgan Bank in New York to a group of international financiers in London led by Lazard Brothers".

According to Quigley: "There does exist and has existed for a generation an international network which operates, to some extent, in the way the radical Right believes the Communists act. In fact this network, which we may identify as the Round Table Groups, has no aversion to co-operating with the Communists or any other groups, and frequently does so".

A loosely organised corps of the Round Table was formed in USA before WW 1. Close connections with the English group were maintained. When the war ended in 1918, their influence extended through the formation of front groups in England and the dominions. From this arose Britain's Royal Institute on Foreign Affairs. The Round Table Group, while retaining its own identity, merged area members into the new organisation. In USA it became the Council on Foreign Relations in league with the very small American Round Table Group.

It must be emphasised here that there is no connection with the Round Tables associated with Rotary Clubs whose activities are not only beneficial to their communities but also transparent.

A mysterious American, "Colonel" Edward Mansell House, who controlled President Wilson and later President Roosevelt, was the co-ordinating host at Paris when the Round Table groups met to establish the CFR.

Quigley says the charter membership of the CFR comprised 150 members of Colonel House's select Task Force for planning the Peace Treaty, plus one of the founders of the Intercollegiate Socialist Society, Walter Lippmann.

Lippmann, a journalist and close associate of Colonel House, was an avid Fabian and political insider. Aged 26 in 1915, he published *Stakes of Diplomacy*, a blueprint for the World Government that House hoped to create through the League of Nations. Lippmann was also considered the main contributor to President Wilson's 14 points in the basis for peace negotiations with Germany in 1918.

For the CFR, the period after 1919 appears one of consolidation. In 1929 it acquired its own headquarters in New York as a gift from the Rockefellers. Quigley rates the most important financial dynasties in USA then as - Morgan; Rockefeller family; Kuhn Loeb & Co.; Dillon Read & Co.; plus, among others, Jacob Schiff; Paul Warburg, founder of the Federal Reserve; and Max Warburg, who financed the Russian Revolution from Germany. All were prominent or represented in the CFR.

The main objective of the CFR at this time was to infiltrate the US State Department to ensure that after World War II, already recognised as imminent, there would be no mishaps at the consequent peace conference as had occurred in 1919, when USA declined to join the League of Nations. Thus, at the suggestion of the CFR, a Committee on Post-War Problems was established in 1939, two years before America entered the war.

This committee was run by high officials of the State Department, all but one a CFR member. After Pearl Harbour, it was re-organised into an Advisory Committee on Post-War Foreign Policies. It was staffed entirely by the CFR. Finance for all these strategic movements came from the tax-free Rockefeller Foundation, with annual grants from the Carnegie Foundation.

This group designed the United Nations Organisation. Alger Hiss and Harry Dexter White, both communist spies, were prominent CFR members. Together with 45 other members from CFR, they were present at the founding of UNO in 1947.

The CFR has controlled all US Presidents since, including Roosevelt and Clinton simply by occupying key posts in their administrations, and in particular the US State Department. The most prominent public figure in the CFR for over 30 years has been the brilliant strategist Henry Kissinger.

It should be understood that the CFR, like its parent the Round Table Group, and its many associates such as the Trilateral Commission and the Bilderberg Group, are essentially secret societies. And so, however lofty their ideals, in fact they remain enemies of the people!

On Costing

We make no claim to absolute truth, seeking through application of the scientific method to reach the closest possible approximation to reality. This has been summarised by the late B W Monahan in these terms:

> It is undoubtedly significant that most of the controversies about Social Credit have raged round the subject of C H Douglas' analysis of the costing of industry... The analysis shows why it is impossible for the purchasing power (income) distributed in connection with production over any given period of time to buy the whole of that production... in technical terms we say that the income cannot liquidate the cost... the process is not self-liquidating...
>
> As Douglas has observed, there are endless inductive proofs of this proposition. That is to say, without concerning ourselves with the logical proof of the proposition, we can accept it as provisionally true, and see how it applies in practice. This is exactly the method, known as 'the scientific method', employed in the natural sciences. The scientist forms what he calls an 'hypothesis' - a provisional explanation of a certain course of events; he says that if the hypothesis is true, it should be possible to predict certain events, and if the prediction proves in practice correct, the hypothesis is confirmed - not proved, but strengthened. Every such confirmation strengthens the hypothesis; on the other hand, a single instance where the hypothesis proves incorrect, rules it out. Short of this, the inductive proof approaches certainty the greater the number of instances where it is confirmed.
>
> The other type of proof is the deductive proof - the sort of proof which is employed in geometry. It is the logical argument built up from given facts or premises - the data. Its weakness is that the premises may be false, in which case, strict logic will lead to a false conclusion - but a conclusion which is logically 'true' in relation to the premise. Where the inductive and the deductive proofs agree, we have the strongest reason for believing a proposition to be objectively true...

In response to the Social Credit analysis, orthodox economists have spent a good deal of ingenuity in 'proving' that the industrial process is self-liquidating, and Social Crediters in 'proving' that it is not; and for many people this is too abstract and altogether confusing. In the controversy, the fact that we are dealing with real processes in the real world is commonly lost to sight...

Monahan outlines in detail three inductive proofs of the Douglas proposition, before elucidating the deductive proof of the A + B Theorem. (See *An Introduction to Social Credit*)

Douglas' three Social Credit Principles (in respect of financial reform) defined in an address delivered at Swanwick in 1924 were:

> 'To summarise the matter, the principles which must govern any reform of the financial system which will at one and the same time avoid catastrophe and re-orientate world economic policy along the lines of the third alternative (*) are three in number:-
>
> 1. That the cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices for consumable goods for sale in that country, and such cash credits shall be cancelled on the purchase of goods for consumption.
> 2. That the credits required to finance production shall be supplied, not from savings, but be new credits relating to new production.
> 3. That the distribution of cash credits to individuals shall be progressively less dependent upon employment. That is to say, that the dividend shall progressively displace the wage and salary'.

* The "third alternative" is 'that economic activity is simply a functional activity of men and women in the world; *that the end of man, while unknown, is something toward which most rapid progress is made by the free expansion of individuality, and that therefore economic organisation is most efficient when it most easily and rapidly supplies economic wants without encroaching on other functional activities*'.

J.H.

THE SOCIAL CREDITER

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.

SUBSCRIPTIONS

Annual rates: UK inland £10.00; overseas surface mail £12.00; overseas air mail £15.00; Australia $20.00; New Zealand $15.00; New Zealand air mail $22.00. In Australasia, subscription and business enquiries should be addressed to 3 Beresford Drive, Draper, Queensland 4520.

Printed and published by K.R.P. Limited,
P O Box 13855, Edinburgh EH15
0131 657 4740

Editorial Office: 21 Hawkhead Crescent, Edinburgh EH16 6LR

Books and booklets on the subject of Social Credit are available from Bloomfield Books, 26 Meadow Lane, Sudbury, Suffolk, England, CO10 6TD. In Australia, from The Social Credit School of Studies, 3 Beresford Drive, Draper, Queensland 4520.