

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

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A SOCIAL CREDIT PERSPECTIVE

The new (15th) edition of the *Encyclopaedia Britannica* (1974) is divided into two main sections: the *Micropaedia* of ten volumes, of Ready Reference and the Index, and the *Macropaedia* of nineteen volumes. Under the heading Douglas, Clifford Hugh (1879–1952) in the *Micropaedia* is the information “British economist and founder of Social Credit”. The only reference to the *Macropaedia* is: “Ezra Pound’s absorption with economics”, and in this article Social Credit is stated to be “an economic theory stating that maldistribution of wealth due to insufficient purchasing power is the cause of economic depressions”.

C.H. Douglas was educated to be an engineer. Of all disciplines, engineering is the most firmly grounded in reality. It deals in the most practical way with the so-called “Laws of Nature”. So it is quite wrong to describe Douglas as an economist. He can best be characterised as a realist — as one possessing the sense of reality, the perception and comprehension of what underlies appearance.

Contemporary society is so pervasive that it is not a datum of consciousness that the Age in which we live is a mere 200 years old. It began with what is now called the Industrial Revolution. That is a bad term, for what that beginning was was the birth of a new Age, the result of the gestation of a cross fertilisation of new discoveries and an old culture and social order. That birth carried the potential of a new efflorescence of the human spirit — a promise, to the far-sighted, of the amelioration of the lot of the common man — the exorcism, as it were, of the Curse of Adam. What happened to that promise?

In his first book, *Economic Democracy* (1919), Douglas noted “the poverty and degradation which shoulder the very doors of the rich from every quarter come the unmistakeable signs of crumbling institutions and discredited formulae, while the widespread nature of the general unrest, together with the immense range of pretext alleged for it, is a clear indication that a general rearrangement is imminent”.

What had gone wrong? It was as if a mansion of magnificent proportions collapsed while still in the building.

With his engineer’s perception of cause and effect, Douglas identified Will-to Power as a force in society operating against the individual’s interest in self-development, and he stated the basis for a viable reconstruction of society:

“It is suggested that the primary requisite is to obtain in the readjustment of the economic and political structure such control of initiative that by its exercise every individual can avail himself of the benefits of science and mechanism; that by their aid he is placed in such a position of advantage, that in common with his fellows he can choose, with increasing freedom and complete independence, whether he will or will not assist in any project which may be placed before him”.

Quite the contrary of this developed. Proceeding largely from Germany, “a policy of the forging of a social, industrial and political organisation to concentrate control of policy while making effective revolt completely impossible, and leaving its originators and successors in possession of complete power” was implemented. And despite the ruination it inflicted on Germany via the First World War, “every indication points to the imminence of a determined effort to transfer and adopt the policy of central or, more correctly, pyramid control from the nation it has ruined to others, so far more fortunate”.

Now this is certainly not “economics” as this word is generally understood. It can be called “political” in the sense that it is an analysis and specification of alternative policies confronting society: (1) That the evolution of the industrial arts should be directed towards the emancipation of the individual; or (2) that industrial organisation should be utilised as a system of government directed towards a fixed ideal of what the world ought to be.

It was apparent to Douglas in 1918 that in fact the second alternative, whether consciously or unconsciously, was being followed, and this led him to an examination and analysis of the mechanism of implementation and control. He considered the physical factors involved, utilising concepts developed in the discipline of physics — for example: conversion of materials from one form to another, rate of doing work, time-energy units, sources of energy, wastage, physical efficiency; and psychological factors such as: will-to power, social discontent, human satisfaction, sabotage, freedom of association and co-operation, legalism, distribution of property, social conventions, national culture and tradition.

In the course of this examination it became clear that money and cost-accountancy were of crucial importance: and time. It is time that gives dynamism to the economic system.

Economic Democracy is certainly not an economic theory or treatise. It is more in the nature of an engineer’s report on a mechanism which is not operating satisfactorily from a community point-of view; even more, that it is functioning dangerously — so dangerously as to bring about the destruction of the then existing civilisation if not rectified. This, it should be noted, was before the Great Depression and the Second World War; and today we are threatened with total world government — the acme of pyramidal control — or atomic annihilation.

Yet, as any competent report should, *Economic Democracy* makes recommendations as to alterations in design to secure the necessary rectification. And the fundamental recommendation is simply an inversion of design. Instead of planning from the top down, subordinating the individual to the system — a planned society — society should evolve from the bottom up.

Economic Democracy is objective and dispassionate. But since motivation is a prime force in society, Douglas had to report that "...every indication points to the imminence of a determined effort ... to adopt the policy ... of pyramid control..."

The book on its publication roused considerable interest and provoked correspondence in the daily and other Press. But suddenly the subject was virtually banned. In 1918 – sixty years, two generations, ago – the public generally, including the great majority of those engaged in the practice of banking, were in complete ignorance of the nature of money. Money was regarded as a commodity, basically gold, most of which was stored for safe keeping in banks, which loaned some of it, mainly to producing organisations to enable expansion of their activities. This conception, though not so nearly absolutely wide-spread today, is still widespread and both governments and certificated economists and financial commentators tacitly support it. The fact is that approximately 99 per cent. of what is regarded as money (i.e. cash in the pocket or on deposit in banks) is bank credit: that is to say, is owed *in toto* to the banking system.

This vital matter was not explicitly emphasised in *Economic Democracy* (it was dealt with definitively in *The Monopoly of Credit* published in 1931). It means, of course, that the total *real* assets of the community are mortgaged to the banking system; and that in turn means that control of financial policy is the effective government of the community. The visible government is essentially the administrator of a policy imposed from the top down, epitomised in the over-riding policy of compulsory employment ("Full Employment") despite technological miracles.

"Considered as a means of making people work (an aim which is common both to the Capitalist and Socialist Party Politics) the existing financial system, as a system, is probably nearly perfect."

"Its banking system, methods of taxation and accountancy counter every development of applied science, organisation, and machinery, so that the individual, instead of obtaining the benefit of these advances in the form of a higher civilisation and greater leisure, is merely enabled to do more work. Every other factor in the situation is ultimately sacrificed to this end of providing him with work, and at this moment the world in general, and Europe in particular, is undoubtedly settling down to a policy of intensive production for export, which must quite inevitably result in a world cataclysm, urged thereto by what is known as the Unemployment Problem.

"To blame the present financial system for failing to provide employment is most unfair; if left alone it will continue to provide employment in the face of all scientific progress, even at the cost of a universal world-war, in which not only all possible production would be destroyed, but such remnants of the world's population as are left will probably be reduced to the meagre production of the Middle Ages.

"Considered as a mechanism for distributing goods, however, the existing financial system is radically defective. In the first place, it does not provide enough purchasing-power to buy the goods which are produced."

"I do not wish to enter at any great length into the analysis of why this is so, because it is always a matter of some heated controversy. I have, however, no hesitation whatever in asserting not only that it is so, but that the fact that it is so is the central fact of the existing economic system, and that *unless it is dealt with no other reforms are of any use whatever.*" – C.H. Douglas (1924)

The virtual boycott, so far as possible, of the public discussion of the subject matter of *Economic Democracy* was evidence that the operation of the financial system and its results were not due to ignorance of its true nature by those at the apex of the pyramid of power, but was the conscious pursuit of the consolidation

and perpetuation of that power which Douglas's proposals threatened to destroy.

In a series of books, articles and addresses following *Economic Democracy* Douglas elaborated his analysis of the actual operation of the financial system, and its relationship to the industrial system and taxation. He showed that national finance was controlled by Central banks, which were integrated into an international system, culminating in the Bank of International Settlements – the Central bank for Central Banks. That system over a period of time shifted its headquarters, from European centres to London, and then to New York following the First World War which transformed Great Britain from a creditor to a debtor nation, and enabled New York to control British internal policies.

But the establishment of the International Monetary Fund, World Bank, etc. as a result of the Second World war, or World War Part II, being in effect the continuation of World War I, makes the Headquarters supranational, wherever situated. In consequence, the "almighty" dollar can be allowed (or be made) to decline, as happened to sterling. This is a clear indication that the U.S.A. is not billed, as a nation, to rule the world as World Government.

The central feature of the operation of the financial system in an industrialised country is that it does not distribute sufficient purchasing-power to purchase the consumers' goods output. That is to say, a year's income cannot purchase a year's production; and this discrepancy is progressive. This gives rise to competition for export markets – trade war (by means of tariffs, etc.), the proximate cause of military conflict. A surplus of exports over imports, the difference being balanced by the import of "money" is of course an expedient to overcome the internal deficiency of purchasing-power. As an end in itself it is a ridiculous policy – an unfavourable exchange of *goods*. What would happen if a country exported its total production and imported nothing but "money"?

In *Economic Democracy* Douglas predicted the breakdown of the finance-industrial system; and this of course came with the Great Depression of 1929, which was only terminated by preparation for war, by war itself, and after the war by the period of post-war reconstruction: a period now come to an end with another breakdown of the industrial system, now in evidence.

The unfolding of events over the years from 1918 revealed a new perspective for Social Credit. It became clear that it was not the *fact* of a defective financial system that lay at the root of our troubles. It was the deliberate *persistence* in the system.

In 1935 a Social Credit Party was elected in Alberta, Canada, with the largest majority ever obtained by a Provincial Government. Every Act passed to institute reform based on Social Credit principles was disallowed by Federal authorities. Of this Douglas wrote: "Mr. Aberhart's Government has demonstrated, by forcing nominees of the Money Power to disallow his legislation, that 'economic determinism' is a mechanism of political intention: The Money Power does not, and never did, wish to improve the money system – its consequences in war, sabotage and social friction are exactly what is desired".

The League of Nations was the first attempt to set up an overt World Government with the ultimate aim of abolishing *national* sovereignties. The U.S.A. had been manoeuvred into the Great War by President Wilson – but Wilson was surrounded by a group of international financiers and others including, notably, Colonel E.M. House who completely dominated Wilson and who largely master-minded the setting up of the Federal Reserve Board, centralising all control of the U.S. financial system. The objective of the manoeuvring was to have, as the nominal financial beneficiary of the war, a predominant voice in the peace negotiations at the Paris Peace Conference opening in Paris in 1919. These clearly

would shape the post-war world; and in retrospect, and in the light of much since-published material, it is clear that the objective of the war was to provide the opportunity for such a shaping. And also in retrospect, the post-war period can be seen as a preparatory period for the resumption of war on an even larger scale.

At or round about the Peace Conference, a secretive group, originally formed by Cecil Rhodes with ideals of One World Government, and known as The Round Table, founded the Royal Institute of International Affairs. In an address, published in the Institute's journal *International Affairs*, Nov. 1931, Arnold Toynbee, the Director of Studies of the Institute stated that "we" were carrying on "a deliberate, sustained and concentrated effort to impose limitations on the sovereignty and independence of the fifty or sixty local sovereign states"; and "All the time we are denying with our lips what we are doing with our hands."

A parallel, and interlocking organisation, the Council on Foreign Relations (CFR) was established in the U.S.A., and rapidly became the effective government of the U.S. The Carter Administration in all essential posts is staffed by CFR members (or Trilateral Commission – a subsidiary organisation – Members); they occupy over forty key positions, and the majority of these held similar positions in the Nixon Administration.

In *Harpers* magazine for July 1958 there was published an article by Joseph Kraft. Kraft (a CFR member) revealed that E.M. House was one of the chief architects of the CFR, and boasted of how the Council had succeeded in penetrating the Executive branch of the Federal Government even before World War II. He wrote:

"With the coming of hostilities, the Council's assembled pool of talent and information came into sudden and dramatic play. Stimson went to Washington as Secretary of War, taking with him the small nucleus of men, many unknown then, who were to found this country's modern defense establishment. 'Whenever we needed a man,' John McCloy, the present Council chairman who served Stimson as personnel chief, recalls, 'we thumbed through the roll of Council members and put through a call to New York.'

"At least as important, the Council provided for the U.S. government the first organized framework for postwar planning. Less than a fortnight after the guns began pounding in Europe, and a full two years before Pearl Harbor, Armstrong and the Council's executive director, Walter Mallory, journeyed to Washington with a proposition. State lacked the appropriations to set up a planning division; Congress was bearish about any official move that hinted at U.S. intervention; there was a danger that, if it finally did get going with a sudden jolt, postwar planning might be out of the hands of State. Why not, they asked, let the Council begin the work, privately, with the understanding that its apparatus would be turned over to State as soon as feasible?

"Secretary Hull was in favor. Accordingly, in December 1939, the Council, with financial aid from the Rockefeller Foundation, established four separate planning groups – Security and Armaments; Economic and Financial; Political; Territorial – comprising about a dozen men each including research secretaries of the highest caliber (Jacob Viner of Princeton and Alvin Hansen of Harvard in the economic group, for example). A fifth group was added in 1941 to consider the problems of the exiled governments of the occupied European countries which the State Department, because the United States was neutral, had to treat gingerly. In 1942, the whole apparatus with most of the personnel was taken into the State Department as the nub of its Advisory Committee on Postwar Planning Problems. . . .

"It appears that Council studies played a considerable part in shaping the Charter of the United Nations."

G. Edward Griffin (in *The Capitalist Conspiracy*) gives a partial listing of organisations represented in the CFR:

"The CFR, from behind the scenes, has dominated this nation for decades. CFR Members include top executives and journalists for the *New York Times*, the *Washington Post*, the *Chicago Daily News*, the *Christian Science Monitor*, *Harpers*, *Look*, *Time*, *Life*, *Newsweek*, *U.S. News and World Report*, *The Encyclopedia Britannica*, CBS, NBC, MGM, The Motion Picture Association of America; they include directors of the Ford Foundation, the Rockefeller Foundation, the Carnegie Endowment Fund; they include Presidents Hoover, Eisenhower, Johnson, and Nixon; Secretaries of State Stettinius, Acheson, Dulles, Herter and Rusk; a fantastic percentage of the President's Cabinet, Under-Secretaries, the Federal Reserve Board, Ambassadors to other countries, Supreme Court Justices and presidential advisors. The average American has never heard of the CFR, yet it is the unseen government of the United States."

It is clear enough from Kraft's article that the CFR had anticipated the outbreak of hostilities. The objective of setting up their own prepared group within the State Department was to *control* the hostilities and the postwar disposition of forces. To fully succeed in this it was essential to get the U.S. into the war, and this was accomplished by provoking Japan and *allowing* the attack on Pearl Harbour.

But the plot was much deeper. Thanks to the careful research by Antony C. Sutton, based on authenticated documents – many of them U.S. government documents only lately released – we now know for certain that groups associated in the CFR financed and aided industrially the rearmament of Germany, and promoted Hitler's rise to power.*

"The contribution made by American capitalism to German war preparations before 1940 can only be described as phenomenal. It was certainly crucial to German military capabilities. . . .

"Not only was an influential sector of American business aware of the nature of Naziism, but for its own purposes aided Naziism wherever possible (and profitable), *with full knowledge that the probable outcome would be war involving Europe and the United States.*"

Sutton reveals that the giant industrial groups could not take their 'profits' out of Germany. It is an important observation, because it points to the fact that profits in the ordinary everyday monetary sense of the word are meaningless in the context of the operations of the international monetary system. Practically all the 'money' in the world is 'owned' by the banking system, and in any case, according to a table Sutton gives, profits on loans by three New York financial houses of \$826,400,000 amounted to \$10.4 million – which is a total of only 1.26% over a period of years. Profit to the small business-man is meaningful, because it represents his livelihood in the same way as his wage represents the artisan's. As for the 'Multinationals' and cartels, they are merely the operating mechanisms of the international financiers. Douglas went to the heart of this matter with his observation that modern wars are of the nature of prize-fights between A and B for the benefit of C, the promoter. The ultimate goal is One World Government under a self-perpetuating dynasty, and the operations of international finance and corporations are profitable, in the sense of beneficial, to that objective.

. . .

In the light of all this, what of the future?

A fairly recently published book, *Imperial Brain Trust*, by L.H. Shoup and W. Minter is, according to a Foreword, a Marxist analysis of the CFR. Superficially critical, it really serves to identify the U.S. as an Imperial Power operating through the CFR; which, of course, is an inversion of the actual case.

* *Wall Street and the Rise of Hitler*.

Chapter 7 begins: "We have shown in the previous case studies that the Council on Foreign Relations planned the post-World War II global order and tried to preserve it against challenges from the Third World and the Left". In fact, of course, the U.S. under the direction of the CFR has financed aid and arms to the "under-developed" countries, supported Communist governments and/or terrorist movements in those countries, covertly supported Communist Russian advances, and massively supported Russian industrial and military development. (See Antony Sutton's *National Suicide: Military Aid to the Soviet Union*.)

But Chapter 7 is in the main about the CFR's "1980 Project", which has as its aim "nothing less than the creation of a new global political and economic system to replace the existing one". In the Council's 1974 Annual Report there is a description of a new program which, it states, "will be by far the largest operation at the Council, and because of its range and complexity, many other Council activities will be geared into it."

Shoup and Minter describe the Project:

"A March 1975 Council memorandum visualizes three stages in the life of the 1980's Project. First, looking at the totality of the global system, it will outline 'the characteristics of a desirable international environment.' The idea is to ask 'where would we like to be a decade from now?' Secondly, the constraints preventing the achievement of these desired conditions will be analyzed. The relationship between a desirable and a feasible global order will be dealt with in this stage. Thirdly, strategies will be developed and implemented to achieve Council goals. This final stage will involve achieving consensus about the new world order on a global scale. A Council memorandum stated that the 1980's Project must

come to grips with strategies for *modifying the behavior of all the relevant actors in the international community*— individuals, governments, agencies within governments, elite groups, industrial firms, interest groups, mass societies, and other groups and organizations at the subnational and transnational levels. (emphasis added)

Thus the ultimate goal of the Council is wide-ranging influence over the thought and action of people on a world scale. This extravagant ambition, along with the other goals of the 1980's Project, makes it the most important project which the Council has undertaken since the War and Peace Studies Project.

"For the 1980's Project the Council has organized an operating structure having four main elements: a full-time staff, a core Coordinating Group, twelve working groups, and numerous domestic and foreign advisers, experts, and small ad hoc bodies. The first two will be 'the main intellectual driving force of the Project.' The real locus of power will be in the Coordinating Group, fourteen men who will meet frequently to guide the entire 1980's Project. They will approve policy targets and give advice on the feasibility of policy choices and methods of implementation. The Coordinating Group will also provide 'the central integrating functions of the Project—resolving conflicts engendered when choices regarding goals in one area of behavior clash with goals and requisite behavior in other areas.' The group is composed of persons from a limited number of prestigious backgrounds—academic, business, government. They were chosen 'for their capacities as policy "conceptualizers" but also for their sense of the politics and processes of policy-making and their ability to think about the wide range of problems to be explored by the Project.' Almost all of them have earned Ph.D degrees from Harvard, Princeton, or Columbia."

All this implies that the CFR already anticipates being in a position to carry its plans into effect, and this in turn implies having the sanctions — which in the last resort must be military sanctions — to enforce control over vital raw materials.

As events are shaping up at present, it looks like some form of merger (as the only alternative to an 'unthinkable' atomic war of

annihilation) between the USSR and the U.S., operating through the United Nations, which will be given command of supranational armed forces, plus an expanded KGB to put down any internal threat of a return to national sovereignty. And as the CFR knowingly condoned terror in Russia and Germany, we can anticipate the Russian Communist system on a world scale.

Douglas foresaw all this in principle. In *Social Credit* (1924) he wrote:

"...The break-up of the present financial and social system is certain. Nothing will stop it; 'Back to 1914' is sheer dreaming; the continuation of taxation on the present scale, together with an unsolved unemployment problem, is fantastic; the only point at issue is the length of time the break-up will take, and the tribulations we will have to undergo while the break-up is in progress....

"There will probably come well within the lives of the present generation, a period at which the blind forces of destruction will appear to be in the ascendant. It does not seem to me to be necessary that this should be so, but it does seem to be probable".

The break-up began with the Great Depression of 1929, and still continues.

Douglas's work was directed to warning against, and endeavouring to avert, the catastrophe he foresaw. He was *not* an economist in the current sense of that word. Virtually all certificated economists have been trained (or conditioned) in one or another theory of economics, and assume and treat of money as a commodity. If the fact that it is not, and the consequences flowing from that fact, as elucidated by Douglas, had been grasped by statesmen in the immediate post-World War I period, the present catastrophe might have been avoided.

In 1918 The Royal Institute of International Affairs, and the CFR, did not exist. But the Round Table Group did, and was much more secretive. Douglas had to infer conscious intent underlying events, and it was only gradually that documentary evidence became available.

A good deal is now known about the CFR. But it is still impenetrably secretive in its inner core. Shoup and Minter were given access to many of its records, but disclosed that it possessed records which are not available even to all its members.

Social Credit undoubtedly posed the greatest threat to the Conspiracy, because it was an attack on the Money Power, the citadel of the Conspiracy. Hence the boycott. This could not be fully effective, so certificated economists and journalistic commentators were trained to ridicule Social Credit (as the *Encyclopaedia Britannica* in effect does) — a "funny money" scheme; and large circulation newspapers and journals will not publish Social Credit material.

The portents for the near future are very grim indeed. When it is fully grasped that the horror of the 1939 war was deliberately brought about, and that its promoters or their appointed successors are still in positions of enhanced power, it ought to be clear that even worse catastrophe awaits us.

There is certainly no hope in Party Politics which, in fact, are a barrier against effective revolt. There is only one hope on the mundane plane: that a Government in being in a Country such as Australia, New Zealand, or perhaps Canada should recognise the immense danger confronting us and institute reform based on Social Credit *principles*. Australia, for example, has of itself sufficient food, raw materials, and industrial capacity to provide food, clothing and homes for every family in the land. To ensure the distribution of these *as a first priority* would gain public support and would enable exposure of the nature of the present financial system to be effected. It is a risky chance; but it must be set against an absolute certainty.