The Big Idea

BY C.H. DOUGLAS

III

I think that there are two simple concepts which it is essential to grasp in considering the nature of the conspiracy against the individual. The first is that bureaucratic Socialism is probably the most inefficient method of conducting an economic system which has ever been devised. The second is, that a reasonably efficient economic system, such as Laisser Faire combined with a sane financial system, would make "employment" ineffective as a means of Government. Having thoroughly grasped these ideas, it is well to remind oneself that wisdom was not born with us, and is unlikely to die with us. In other words, others have grasped these simple facts, probably some time ago.

From the purely economic point of view as distinct from the destruction of war, efficiency of the scientific management type is completely unnecessary. There is no necessity for cut-throat competition, and it is not "natural." There is no genuine scarcity which is not consciously produced, and I am beginning to disbelieve in the idea that there ever was any genuine unavoidable scarcity.

What is quite clear is that every advance in productive capacity with diminishing human labour effort, has been nullified, and even more than nullified, so that economic life is less secure, and, in relation to capabilities, less widely civilised, than it was five hundred years ago. And that this situation has been used with Satanic cleverness to transfer more and more power to those who have caused it.

Socialism, or to give it its correct name, Monopoly, is not a production system, which is exactly what one would expect from its origins. That this is a simple statement of fact is being demonstrated in this country at the moment. It is a legalistic system based on a power complex supported by a set of abstract slogans which its policies and results contradict, where there have any concrete meaning. The idea so skilfully inculcated that confiscation of property will assist in the distribution of wealth is, of course, completely without foundation. Socialism is a restriction system, as any examination of Socialist practice in the Trades Unions will confirm, and it has two well defined fundamental principles — centralisation of power, both economic and political, and espionage.

That is to say, every advance towards Socialism is an advance towards the Police State. Five minutes' attention to the increase in the number of licenses he now requires in this country (which even yet is less completely enslaved than Russia and Germany) and anyone can see that for himself. And if anyone supposes that the licensing system is purely a war expedient, then I can only envy his optimism.

Now, it is commonly supposed by those who have not devoted much attention to the subject that the German-Jew, Karl Marx, is the father of modern Socialism. This is incorrect. There is not a single original idea in Marx. "He found everything that his system contains in the British Museum. His Communism was that of Babeuf, his theory of wage slavery was current during the French Revolution, his idea of the class war had originated with Weishaupt, the Illuminist, his theory that labour produces all wealth had been formulated by Robert Owen and the Chartists, his theory of surplus value had also been proclaimed by the Chartists." (—Webster).

What is much more important is that at the time that Marx was practically living in the British Museum, supported by the German, Engels (who had made an immense fortune by exploiting Lancashire child labour), the whole country was ringing with attacks on the financial system, Cobbett was attacking the Bank of "England" and the Jews, Atwood was writing on currency, and the disorganisation and distress which culminated in the "Hungry Forties" were only kept from assuming the proportions of a panic, by the employment provided by railway and canal development on privately subscribed funds. There is not a word about the dominant position and responsibility of finance to be found in Marx, and Socialism has attacked every form of property, and at this moment is attacking every form of property, except that which is the monopoly of the international financier, and has steadfastly refused to have anything to do with financial reform. Practically every one of the theories which Marx had welded into the Communist Manifesto had been tried out experimentally and all, with the exception of the Co-Operative Movement, which is mainly the child of Robert Owen, whose psychology was correct, had failed completely. Had, of course, the Co-Operative Movement obtained control of its own credit, which it never did, and never tried to do, it would inevitably have developed into a completely successful social and economic system.

By 1848, Socialism, as it had been attempted, was dead.

"It is evident that at that date, some pact was formed between German Imperialism and the Jews of Germany... Socialism, a derelict concern, was now taken over by a Company. That Company was the German-Jewish band..."
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Social Credit – A British Government Statement

We are indebted to Mr. G.L. Goulten of Liverpool for allowing us to see copies of letters which he has sent and of replies which he has received. We quote the opening paragraph of his letter of November 16, 1982, to the editor of the New Civil Engineer.

"I trust your timely editorial—'The Underspending Dilemma', high lighted by the cover story—'No end to underspend?' (11.11.82) will encourage engineers to take a more active interest in financial and economic affairs which, all too frequently, have hindered them from performing their chosen task of applying the forces of nature to the uses of man."

Later in the same month, in reply to a letter to his M.P., he received a letter from Mr. Jock Bruce-Gardyne, the Economic Secretary to the Treasury, enclosing "a statement which sets out the Government's views on the suggestions contained in Mr. Goulten's letter."

This statement, which was headed "Social Credit", is given below in bold type, with our comments in light type.

"The Government has received a number of letters from members of the 'Our Country, Our Credit' Group, which appears to support the theory of 'Social Credit'. According to this theory bank lending to both the private and public sectors is harmful because of the burden of debt which results. The costs of servicing such debt are held to be a main cause of inflation."

Under present financial arrangements the banking system is the ultimate source of all money and credit, disregarding the insignificant mint issues. As the Statement concedes, this money or credit is created by the banking system as a debt repayable with interest. Debt to the banking system which arithmetically can never be repaid is clearly disruptive of economic stability. Servicing this ever increasing debt is rendered possible only by the creation of further indebtedness which is inflationary.

"The proponents of Social Credit further suggest that the State should be the sole source of credit, with no role for banks other than money transmission, and that such credit should not incur any repayment or interest obligations. The Government recognises the danger of a rapidly-growing National Debt, and accordingly is taking steps to reduce its borrowing."

It is now well understood that the power of creating money is for all practical purposes confined to the financial system which is under the control of the banks. Mr. Reginald McKenna put the matter shortly at the Annual General Meeting of the Midland Bank on 25th January, 1924 when he told shareholders "every bank loan and every purchase of securities by a bank creates a deposit and the withdrawal of every bank loan and the sale of securities by a bank, destroys a deposit." The Encyclopaedia Britannica says of bank loans, "Banks lend money by creating the means of payment out of nothing."

We assume, therefore, that none of this is in dispute and that it is agreed that banks create the money supply out of nothing and issue it as a debt, repayable with interest. It is not suggested that the State should be the sole source of credit (money) but rather that if the banks are to continue their role they should do so for a fee and no longer claim ownership of the credit (money) they create. Money is itself a nation's debt, for at any given moment the holders of it believe that the equivalent in goods and services can be required of the nation in exchange for it.

"But while the Government has a responsibility to ensure that the growth of the money stock is at an appropriate rate, it cannot accept that there is no role for the private sector in the provision of finance or that it should not charge interest."

The creation of credit is not the same as the provision of finance i.e. the distribution of credit. The "private sector" in regard to the former i.e. the creation of credit, is a euphemism for the banking system which has a monopoly of the creation of credit. As the banks "create the means of payment out of nothing" by what right do they claim ownership of that credit and payment of interest for its use? The Government's duty is not to continue borrowing from the banking system, costlessly created credit at interest and as a debt, (with consequent cumulative taxation and rising prices) but to exercise its own sovereign right to create whatever money it deems necessary for its purposes, free of the obligations of repayment and interest.

"Money can be allocated within the economy more efficiently according to market forces by private sector institutions, under the broad supervision of the Government and the Bank of England, than by Government itself. Within this allocative process the rate of interest is the price mechanism which equates the supply of funds with the demand."

The point at issue is the creation of credit, not its allocation. The allocation of credit to the Government has little to do with market forces and the implication in Mr. Jock Bruce-Gardyne's statement, that the banks' power to create credit should be coupled with its power to decide on the purposes of such credit, cedes a majestic power indeed to the banks. The problem is the supply of purchasing power and how to equate that with the supply both actual and potential, of goods and
services available to the nation, without causing inflation.

“A regime where credit created by the Government is neither repayable nor incurs interest would not solve the problem of inflation; indeed by releasing restraints on credit creation it seems well calculated to make it a great deal worse.”

This is a statement of opinion. We give ours. If the Government required the banking system, for a fee, to create interest-free and non-repayable credit (as it now requires it to create interest-bearing repayable credit) and used this credit to meet selected items of Government expenditure, thus reducing taxation and prices, how could this be said to be inflationary?

A later Statement was given by Mr. Jock Bruce-Gardyne M.P. through H.M. Treasury with some slight alterations and some additions to the earlier one, given above. The additions dealt with the balance of payments surplus, a point made in the campaign by the “Our Country, Our Credit” Group. There is no reason to alter our comments. If Mr. Bruce-Gardyne has trouble in understanding these there are, without doubt, in Her Majesty’s Treasury some who know about the money myth, which is at the bottom of most of our economic and social ills.

Priorities

On the question of priorities Douglas was adamant. We reprint his “Week to Week” note which first appeared in these columns in May, 1950, and later in The Development of World Dominion (Note number 65). This note is followed by an extract from his Programme for the Third World War (Chapter XIV - 1943).

“We don’t know whether the repetition of the warnings we have given (as to the military nature of the problem to be solved before correct financial measures are possible) serves any useful purpose, but in case anyone should suppose that we are “just another group of antisemites” we bring to the attention of our readers once more, a serious, documented publication, written in German—but published in Switzerland, by an author who elects to be known as Severin Reinhard. The title of the book is Spanischer Sommer, and we are informed that most of the details, although not the main thesis, are extracted from a book which was published by a famous Dutch firm, but of which only two copies escaped to the general public; the remainder of an edition of two thousand were bought up and destroyed by an agent of the Warburg family.

“We hope to devote more adequate space to this book; but the fundamental issue can be stated in a few words.

“The thesis is that a small group, whose names and history correspond with those pilloried by, for instance, Monsieur Coty in his Figaro articles of some years ago, is constantly engaged in fomenting wars, revolutions and economic crises, with the object of wrecking society everywhere in order to step in and assume absolute control, or world dominion. They financed Hitler, partly through the Bank of ‘England’, in order to destroy England.

“The masses of ‘workers’ are the primary tool with which to ruin the otherwise stable middle classes, and both the finance and the brains of Socialism, Communism, or whatever name they give their policy, comes from this immensely rich and powerful, but quite small, group.

“Now if this proposition is even approximately true (and we believe there is ample evidence to that effect) then our current ‘politics’ are just the make-believe of children. And the longer this situation is allowed to drift, the more certain is our destruction.

“We can only leave it at that."

“...This, I think, exactly defines the task which society must face and solve, or perish. First, to attack and defeat the Money Power; then consider the reorganisation of the money system.”

The Big Idea (Continued from Page 1)

of ‘Social Democrats’. (“—Webster). Bismarck, it will be remembered, speaking of these people thirty years afterwards, said, “we march separately, but we fight together.” This statement seems to close any discussion as to the relation between Marxian Socialism and the constant state of war and threat of war which has been existent since the inception of the Bismarckian Reich.

Now, the policy of the Bismarckian Reich was the policy of Anarchias Clootz the Freemason, and the same policy which “Hitler” is pursuing at this moment—the United States of Europe, dominated by Germany; and the monopolistic trust, first developed in Germany, and controlled by a great Bank of the type which the Bank of “England” has now become, was the perfect complement to the propaganda of the Social Democrats. The Jews at the head of the Deutsche Bank, the Dresdner Bank, and the Disconto Gesellschaft were in constant contact with the German Socialists, and regarded them simply as part of the bureaucratic organisation of European States otherwise insulated from German-Jewish influence.

To what extent Marxian Socialism was a genuine workers’ movement, or had as its object the real good of the under-privileged can be gathered from his published correspondence, in which he refers to the French as “Parisian chatterboxes” and to the “English Trades Union schwein-hunde” (pig-dogs). Marx worked for Bismarck, tried to paralyse the resistance of the French to Prussia before 1870, just as the Socialist movement in Great Britain has worked for the fifteen years from 1920 to 1935 to make a German victory certain, and was stated to have received £10,000 from Bismarck for his services, and did not deny it.

His gratitude to this country for having sheltered him can be gathered from his message to the Internationale in 1870; “The English are incapable of making a socialist revolution, therefore foreigners must make it for them. The point to strike at first, is Ireland, and in Ireland they are ready to begin their work.”

Events, however, were against Pan-Germanism and the bureaucratic State. The latter half of the nineteenth century saw the tremendous rise in the power of the British
Empire, and the comparative prosperity of a mercantilist system, during a period of rapid expansion. Socialism languished.

The United States of America began to come into the picture, and the Big Idea had to ensure that there was no complication from that quarter. William Jennings Bryan and his bi-metalist campaign were more menacing to the money-power than anything in Europe, and Max and Paul Warburg left the inner circles of German-Jewish finance in the flesh only, to become “Americans.”

IV

The Free Silver Campaign of William Jennings Bryan (“The coinage of silver on demand to a ratio of sixteen to one”) forms a curious chapter both in United States history and that of monetary agitation. It was unsound in principle, being, in the genuine sense, currency inflation not differing very fundamentally from a bank-note printing scheme. The late Arthur Kitson, who took an active part in it, was in the habit of observing that not one in a thousand of the millions who supported it, understood it, and the man who understood it least was William Jennings Bryan.

But Bryan, known as the “silver-tongued orator,” was a spellbinder of the first rank, and in his final campaign in 1907 his speeches raised his nation-wide audiences to a condition of emotional hysteria which was of much greater value to a candidate for the Presidency than mere intellectual conviction. His famous phrase, “You shall not crucify Mankind upon a cross of gold,” is still current.

The bankers reacted to the threat of interference in the usual way. They called in overdrafts, ran a press campaign which prophesied blue ruin, and finally engineered a major business panic and depression, the repercussions of which were felt all over the world. Bryan was defeated by a nonentity, Taft, in the Presidential Election, by a narrow majority, after a Primary Poll which excelled all records of intimidation and corruption. Bi-metalism was practically never heard of again.

The political atmosphere which existed after the defeat of the Free Silver agitation was so uniquely favourable to the schemes of the Warburgs that it is almost permissible to wonder whether Bryan was not an unconscious tool of international Finance. In any case there is a warning contained in its sequel which those monetary reformers to whom technical soundness is secondary, might well take to heart. As my experience grows, I am increasingly confident that one, at least, of the key words leading to an understanding of the conscious Evil Forces in this world, is “perversion.” The matter is so important that I propose to revert to it at a later stage of the argument.

In the light of this policy, it was obviously most important, firstly to minimise the importance of Great Britain’s creditor position, and to paralyse Russia, the ever-present threat to Germany’s Eastern flank. By virtue of the commanding position over American credit in which Warburg stood at the outbreak of war in 1914, the United States were a serious handicap to the Allies until Jewish influence and bribery brought about the downfall of the Russian Empire and the withdrawal of the potentially irresistible Russian Army from the conflict. By this time, Britain had become a debtor, largely by guarantees on behalf of other belligerents. The fact that a number of Russians estimated at nearly thirty millions perished as the direct and indirect result of this manoeuvre has, in general, only received casual attention.

At the “Peace” Conference in Paris in 1919, when the Financial Clauses were passed, which made the resumption of the War inevitable, Germany was represented by one Warburg, and the Allies by another.

(To be continued)