THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

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PERU v. BANKERS

(The following extract is reprinted from *Michael,* a Canadian Social Credit journal, of September/October, 1987.)

On July 28, 1987, Alan Garcia, became president of Peru. He took office in difficult circumstances, among other things, a $14 billion foreign debt, which was quite huge for the economy of that country. On the very same day, in his inaugural address, he declared himself against the international bankers by announcing that his country would limit interest payments on its foreign debt to 10 per cent of its export earnings. Garcia had the interest of his people come before that of the bankers: "I have been elected by the people and not by a circle of bankers," Garcia said.

The International Monetary Fund, decided to cut off all credit to Peru in August, 1986. And in August, 1987, the World Bank cut off credit to Peru.

But Garcia did not yield to this blackmail from the bankers. Then they predicted the greatest disasters for Peru, which, according to them, would soon be short of money. But, much to the consternation of the bankers, Peru experienced a 8.5 per cent economic growth rate in 1986, and was in fact the only country in South America to have experienced a real economic growth that year. And a 6 per cent growth rate is predicted for 1987. What is the secret of Garcia? Here are his own words: "A State that does not govern directly or indirectly by the regulation of the allocation of credits is a State that does not govern."

Money is only a figure

Garcia knew that Peru had nothing to lose by receiving no more money from the foreign bankers, for money is nothing but a figure. Money is not wealth, but the sign that gives a right to wealth. Remove all the products, and money is worthless. It is the products of Peru that give money its value. The bankers produce absolutely nothing, they have nothing but figures to offer. And these figures, Peru can easily make for itself without getting in debt to the international bankers.

This is what Garcia did, and he is within his rights, it is even his duty to do so. It is indeed the first duty of each sovereign government to issue its own money, without debt. The private bankers, in all the countries of the world, have unjustly seized this power to create money, thus exercising a real dictatorship over economic life.

Peru creates its money

So, the Peruvian government creates its own money? Yes, and it is precisely what enrages the bankers. For if ever one country was to escape their control and issue its own money, all the other countries will want to follow its example, and the bankers will lose their power. That is why the bankers will do everything to prevent any country from freeing itself from their dictatorship, Peru as well. Already in the past the bankers had the American President Abraham Lincoln assassinated, he who dared stand up to them and issue his own money, without debt. And since his two years in office, assassination attempts have multiplied against Garcia, but all of them have failed, miraculously.

About the nationalisation

The nationalisation of the banks carried out by Garcia is not like the type of nationalisation of the banks advocated by the socialists, as the New Democratic Party (NDP) wants to do it in Canada, or as President Mitterand already did it in France, or as the Labour government in England that nationalised the "Bank of England". The governor of the Bank of England of that time, Montagu Norman, had said: "Nationalisation? We welcome it."

This type of nationalisation advocated by the socialists does not hurt the bankers and leaves then quite unmoved, for it leaves them the power to create new money, at their own pleasure. It is a nationalisation that only changes the sign on the front of the building, the policy of the bank remains unchanged, the bankers are not disturbed in their swindle.

The socialists never say a word against the financial system. They blame everything on the capitalist system, everything but the only thing that is not working properly, the financial system. Social Crediters do not make this mistake, and they know that in capitalism, one must make a distinction between two things: the productive system, that makes the products, and the financial system, that makes money. The productive system (individual initiative, free enterprise, private property) is working perfectly, products are not lacking. There is therefore no reason to change it. Products are not lacking, it is only money that is lacking, and it is because of the financial system. So it is the financial system that must be changed, not the productive system.

But Garcia has actually removed from the banks the power to create new money, a power that rightfully belongs to the government, and that is why the bankers are all worked up. Social Credit does not require the nationalisation of banks, the government can leave the banks the operations strictly pertaining to banking, like savings and loans, but it must absolutely remove from the banks the operations pertaining to the issuance and withdrawal of money, for it is a function that belongs to the government. Garcia had taken back this power, and this is what really matters.

Economic democracy

Under a Social Credit system, money would be issued neither at the pleasure of the banks nor of the government, but according to statistics: new money would be put into circulation at the same rate as production, and withdrawn from circulation at the same rate as consumption. Thus there would be a constant balance between prices and the purchasing power.

And this new money would be directly given to the consumers. This is what Douglas, the founder of Social Credit, called "economic democracy"; and Louis Even explains it by comparing money to a ballot paper: the

(Continued on page 2, column 2)

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SOVEREIGNTY THE REAL ISSUE

The following letter appeared in *The Times* of November 26, under the heading — "Misgivings over European Union".

From Mr Leolin Price, Q.C.

Sir,

In a series of important articles (November 16-20) you have drawn attention to the "progress" being made towards unification in the European Community and to the implications of the Single European Act.

Quite apart from the Act's widening of the application of majority voting in the Council, any reluctance on our part to conform with majority wishes or threatened reliance on our veto under the Luxembourg compromise will be subjected to powerful, probably irresistible, criticism based on our acceptance of (a) the preamble to the Single European Act which affirms our will "to transform relations as a whole among member states into a *European Union*" and (b) Article 1, which declares as our objective the making of "concrete progress towards *European Unity*".

These tremendous changes which the Act makes in our constitutional arrangements have not been fully understood by our people or by many of our politicians. Your leading article today (November 20) recognises this. I do not think there has been any informed national consent to what has happened, and is happening, in the transformation of the Community into a political and constitutional union. That transformation does not command my enthusiasm or support.

The economic advantages which at one time were promised to us as the justification for our adherence to the Community have not accrued. We have been weakened, and in the world discredited, by the gross inefficiency and protectionism of the Community, which creates extravagant mountains of subsidised food which are then sold off, often to our political opponents, at prices which undercut and depress other producing countries who are traditional friends.

Yours truly,

Leolin Price,
10 Old Square, Lincoln's Inn, W.C.2.
November 20.

ECONOMICS OR TREASON

In his letter to *The Times* (see col. 1) Mr Leolin Price, Q.C., draws attention once more to the "tremendous changes which the Single European Act makes in our constitutional arrangements", and to the absence of national consent to this transformation of the Community into a political and constitutional union. This transformation, says Mr Price, "has not been fully understood by our people or by many of our politicians".

The late Mr A. Ross McWhirter, M.A., in a speech delivered in 1973, pointed out that the Heath negotiations were not over any words of the Treaty of Rome but were only on the transitional entry provision. "The public were deceived — they actually thought we were negotiating about the conditions under which we would join and the basic constitutional point of view. The fact is that in 1972 we ratified the agreement seeking accession to the Treaty of Rome without the alteration of one dot or comma. Except for the fact that the name of our nation is included in its new preamble, the Treaty of Rome remains absolutely unaltered and does not draw anything from the constitutional experience of this country, nor does it reflect our own national aspirations as an Island, a maritime, mercantile race. . . ."

Sovereignty was the only issue and it remains the real issue. Those who seek even at this late hour to preserve the heritage that is enshrined in that term, distract attention from this momentous issue by focussing on butter mountains, the C.A.P., protectionism, etc. While hope remains that these economic absurdities may be cured by negotiation, people are content to continue in that hope. There can be no hope if Sovereignty is lost. It has already been lost, short of leaving the Community. This, Parliament can still do, were the British people to demand it. Time is short however.

So what should be seen as treason has been legalised.

Peru v. Bankers *(continued from page 1)*

consumer, thus having enough money in his pockets, could make his choice through his "money vote" and "vote" for the goods and services he requires, thus penalising those producers whose goods and services he does not want. To stay in business, the producers will strive to produce what the consumers want. It is the consumers who, finally, decide what products will be made, which is a genuine economic democracy.

What is more, the first book that Major Clifford Hugh Douglas wrote on Social Credit, in 1920, was entitled "Economic Democracy". A few years later he designated his financial proposals as "Social Credit". "Economic Democracy" and "Social Credit" are synonymous. And when we learn that Garcia designates his reform as "Economic democracy", everything leads us to believe that it is a reform along the line of Social Credit. So there is something there to be thrilled about!

To bear witness to the truth

To conclude, we may well wonder from where has Garcia got this courage to stand up to the bankers, despite all their threats, and even assassination attempts? The answer can be found in his statement of July 9, 1986:

"You cannot have politics without religion, or commitment to human beings without spiritual transcendence."

FINANCE, FUNDING AND FREE CHOICE

The Times of 8th December published an article "Proving the people won't pay more" by Digby Anderson, Director of the Social Affairs Unit, in which he challenges the belief in wide support for the N.H.S. and comments on the new study *Welfare Without the State* by Ralph Harris and Arthur Seldon, published by the Institute of Economic Affairs.

Quoting from various opinion polls, Anderson says "They are invalid, in that agreeing with the statement does not tell us about the respondent's true opinions about welfare and taxation because the statements are vague, don't give enough choice of possible answers or indicate the precise costs people might bear for services.

"The new study gave more choice. It asked whether the state should raise taxes for education and health services for everyone; whether it should take less in tax and provide services only for those in need, or whether it should continue at the present level but allow people to contract out, contribute less, and use the money to pay for their own services.

"Given a more sophisticated choice of views, the answers changed. . . . However, even these questions are too vague. . . . This new study has some harsh things to say about the conventional 'vague' and 'price-less' polls and with some justification. It is one thing to use conventional polls to indicate broad shifts of opinion in elections where the choices are themselves few and blunt: quite another to infer from them likely reactions to a range of welfare policies which affect individuals in a variety of ways. The I.E.A. study is a great advance in this respect and surely now is the time for those who commission polls, such as newspapers, to require, when appropriate, more sophisticated questioning.

"They could go further than the I.E.A. poll. It still treats the services as aggregates. . . . The N.H.S. is not homogeneous and there is no reason to suppose opinions upon its different parts to be so. The I.E.A. report found some strong support for charging for services. . . ."

On education, Anderson comments: "One of the key radical proposals which politicians . . . found politically — that is electorally — impossible, was vouchers. The voter, it is said, is opposed to vouchers. And well he might be if it is only put to him as a vague and unsettling idea. The new study put it more carefully, breaking it down into vouchers of £500, £1,000 and £1,500, representing a third, two-thirds and 100 per cent of average secondary day-school costs and thus requiring the parent to top up by £1,000, £500 and nothing or even keep any excess from shopping around. Only 25 per cent were opposed to full vouchers."

Digby Anderson's article commenced with the following, "The presidents of the three senior medical colleges, who this week attacked government health policies have scorned 'face-saving initiatives of £30 million pounds'. They want very much more than that spent on the health service, and they are not alone. . . . The truth is that there is no limit to what could be spent on health, no figure at which the N.H.S. would be 'properly funded'. But it is also true that more money does need to be spent to satisfy rising expectations."

Digby Anderson concludes his article, "As they (Ralph Harris and Arthur Seldon) say, 'the only way to find out for

(Continued at foot of column 2)

A GOLDEN OPPORTUNITY

The Government's comfortable majority in the Commons gives it no assurance of getting its legislative programme through unscathed. Even so soon after its re-election, divisions are appearing in the Tory ranks over such critical issues as funding the National Health Service, educational reforms, and the community charge. The Government's position is even less secure in the Lords where they have already suffered defeats over matters less contentious than those now on their way through Parliament.

Central to all the current legislative proposals is the issue of funding the public services. Recent events have focussed attention on the acute situation in hospitals, where wards remain closed despite long waiting lists, operations are postponed because of shortage of skilled staff, and both doctors and nurses seek better pay and conditions abroad or in the private sector. In an unprecedented move, the Royal Colleges have petitioned Downing Street for additional funds. As the adjacent article shows, public attitudes to funding the N.H.S. are closely linked to the question of more personal choice.

Bitter battles are looming over the Government's intention to introduce the community charge, misnamed the "poll tax", in lieu of the present rating system. Several areas of conflict are involved in this debate, not only that of the unfairness of the existing system under which the few (and many of them disfranchised by lack of a business vote) subsidise the many, but also the intended closer control by Whitehall of free-spending Labour councils. Regrettably, little or nothing is heard of the heavy impact on the individual ratepayer's impost, however assessed, of the onerous burden of debt charges on local authorities, relief from which would radically reduce the prospective community charge and defuse the argument about "ability to pay".

Questions of funding and widening personal choice are similarly at the heart of the debate on educational reforms.

As the pressures on Government continue to mount, as they certainly will, the more urgent it becomes to make every effort to open the eyes of legislators to the essential key to their intractable problems, namely, the restoration to the State of control over its own money supply so that it can be regulated in relation to G.D.P. to ensure its stable value, and the consequent issue of debt-free money to fund essential public services for which the human and material resources are, or can be made, available. The Public Sector Borrowing Requirement is currently at its lowest level for many years. Now is the time to transform it into the Public Sector Credit Requirement. Press your M.P.

Finance, Funding and Free Choice

sure (what people say, and even more do, when confronted with real decisions) is to set aside polls and, at last, allow people real choice. Radical politicians should not be afraid of their voters. There is no solid opposition to welfare reform and no blanket attachment to the N.H.S. The three spokesmen for the vested interests say they want an *overall* review. That is exactly what they should be given. It may be more than they bargained for.'"

— *Welfare Without The State* by Ralph Harris and Arthur Seldon, is published by the I.E.A. (£7.50).

AMERICAN STATE SENATOR CHALLENGES FEDERAL RESERVE

The Wall Street Journal, of July 16, 1987, under the title, "Fed Up with the Fed, a State Legislator Moves to Abolish it" reported:

"For seven years, Mr Jack Metcalf, a Republican state senator in Washington, has waged a one-man guerilla war to abolish the central bank. And, much to the consternation of Fed officials, he has scored some remarkable successes.

"Last year, for instance, Sen. Metcalf single-handedly persuaded the reputable National Conference of State Legislators to endorse unanimously a resolution urging states to challenge the constitutionality of the central bank. And this year, after four failed efforts, he won approval in the Washington legislature for a referendum on whether this state should file such a challenge in the U.S. Supreme Court. (A success that is all the more remarkable since the majority of the Washington state senators are Democrats, while Sen. Metcalf is a Republican.)

"Sen. Metcalf's argument is that the nation's money system is controlled by a handful of multinational banks and rigged to work against the average American. He believes that the Supreme Court will decide that Congress unconstitutionally delegated its money-making power to the central bank."

The senator is travelling about the state, and has won the support of many grass-roots groups for his referendum (which will be held in November, 1987).

The Wall Street Journal ends its article by trying to discredit Senator Metcalf with all kinds of falsities and insinuations, and would like the people to vote against his referendum.

Metcalf maintains that it is absurd for the government to pay interest to the banking system for the use of its own money, which the government could issue itself without debt. And he also maintains that Congress, when it delegate, in 1913, the power to create money to the Federal Reserve, had not the Constitutional authorisation to delegate that power. Metcalf says:

"Our most basic document, the U.S. Constitution, states in Article 1, Section 8: 'The Congress shall have the power to coin money and regulate the value thereof.' Nowhere is there the slightest hint of authorisation to delegate that power even to another governmental institution — much less to a private banking system. That is absolutely outside the most broad interpretation possible."

Moreover, it was the American President Andrew Jackson who said: "If Congress has a right under the Constitution to issue paper money, it was given them to use by themselves, not to be delegated to individuals or corporations."

—Extracted from *Michael,* Rougemont, P.Q., Canada, September/October, 1987.

ABUNDANCE

We regret to report that our contemporary *Abundance* has ceased publication after nearly 40 years. Under the editorship of Vic Hadkins, M.Sc., it proclaimed the Social Credit philosophy. As a fitting tribute, we reproduce below its own synopsis of that philosophy which appeared regularly as its masthead.

We continue to work to the same ends.

What We Stand For

We proclaim the importance of the individual. The true purpose of the humblest group or the mightiest State is to contribute to the happiness and well-being of those who compose it.

Leisure, freedom of action and freedom of choice are among the chief blessings of civilisation: so far as consistent with the rights of others, individual freedom should be unrestricted: control from without should be progressively replaced by the self-discipline of a free and adult-minded people.

It is incompatible and absurd to replace human energy by solar and atomic power and still to assume that human work provides the only rightful title to goods and services.

Accordingly, in the Age of Power, an unsupplemented wage system is an anachronism and unsuited to achieve a proper distribution of the goods and services available. From this defect spring many of the material ills of this individual civilisation.

We regard every person as an heir to the accumulated wealth that the labour, skill, invention and organisation of former ages have made available, and believe that each individual should receive a National Dividend on his share of this cultural inheritance in the form of a money income additional to his earnings.

We recommend the Social Credit mechanism of the Retail Price Discount as a means to ensure a proper balance between the goods available for sale and the money available to buy them.

The function of the money-system is to make easier the working of the economic and other organisation of Society, and money is costless to create. We therefore assert that the money from time to time needed to deal with our expanding requirements ought not to come into being merely as the counterpart of interest-bearing debt to the banks, but should be created and issued by the State on behalf of Society as a whole.

Social and industrial reforms are needed, but neither can accomplish anything really effective unless preceded or accompanied by reform in our money system.

RECOMMENDED READING

Abraham, Larry	Call It Conspiracy.
Allen, Gary	None Dare Call It Conspiracy.
Douglas, C. H.	The Brief for the Prosecution. The Development of World Dominion. Economic Democracy. The Monopoly of Credit. The Policy of a Philosophy. Programme for the Third World War. Social Credit.
Monahan, Bryan W.	The Moving Storm. An Introduction to Social Credit. The Survival of Britain. Why I am a Social Crediter.
Sutton, Antony C.	National Suicide — Military Aid to the Soviet Union. Wall Street and the Bolshevik Revolution. Wall Street and the Rise of Hitler.

BOOKS and booklets on the subject of Social Credit and allied subjects are available from Bloomfield Books, 26 Meadow Lane, SUDBURY, Suffolk, England, CO10 6TD; and in Australia from Tidal Publications, 11 Robertson Road, North Curl Curl, N.S.W. 2099.

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