THE SOCIAL CREDITER

Volume 75 No 4 FOR POLITICAL AND ECONOMIC REALISM July - August 1996

The Poor Always With Us

The G7 group of countries (UK, France, Germany, Italy, USA, Canada, Japan) scheduled a summit meeting in June to consider relief of Third World debt. Ahead of that, the Westminster Diocese of the Roman Catholic Church sponsored a seminar in February under Cardinal Hume. On request, the Social Credit Secretariat was kindly provided with the seminar's Discussion Paper and the Summary of the discussion. The Secretariat then submitted representations to the Westminster Diocese. Here is an abridged account.

1. We have previously drawn attention to this matter, most recently in the January 1996 number of *"The Social Crediter"*.

2. The Church bases its search for a solution to these problems on the *"Ethical Principles"* established in the Church's document *"At the Service of the Human Community: An Ethical Approach to the International Debt Question"*. It is further stated later in the paper that "it is not up to the Church to judge the economic and financial theories behind their [ie, the financial institutions'] analysis and remedies proposed . . . [because] . . . in these complex domains, certitudes are relative".

3. Both statements impose impediments to the Church's understanding and ability to seek a solution. There are two main reasons:

   a. The major protagonists in this discussion are representatives of the very organisations which bear the heaviest responsibility for the problem in the first place.
   b. The problem is framed in terms of SILICS, SIMICS, SAPS,[1] Enhanced Structural Adjustment Facilities, selective debt write-downs, all "subject to tough conditionality".

If the Church allows itself to be drawn into discussions on these terms, it will find itself in an international financial maze out of which it can never emerge with a satisfactory solution.

4. For example, the Discussion Paper suggests that "there should be an equitable sharing of the adjustment efforts and the necessary sacrifices". But who might be the partners to these necessary sacrifices? Ultimately they can only be the populations of the indebted countries, taxpayers of the creditor nations, and/or the member banks of the international financial system. But in fact it is just such banks *that create virtually all of the money in the international system "out of nothing" and then inject it into international economies ONLY in the form of debt which bears interest. In equity, they have absolutely no right either to the ownership of such money or to the interest they charge for the use of it.* The veracity of these statements is confirmed in standard textbooks on banking and economics. These certitudes are absolute, not relative.

5. It is hard to imagine that the Church would wish the ordinary people of the Third World (as opposed to their governing elites) to be subjected to still further suffering to help alleviate a problem not of their making.

6. As for the taxpayers of the creditor nations, many would no doubt be happy to contribute in some way to an honourable solution of the problem. But it should be kept in mind that Third World debt became a crisis for the West only in the 1980s when there was the prospect that the debtor countries would be unable to service their debts, despite suffering greatly from the effects of IMF Structural Adjustment Programmes. The prospect then was that there would be widespread bank failures involving losses in excess of the capital base of many banks. The further prospect was that the effects would not be limited to shareholders but would spill over to depositors. *There could therefore be a run on the banks and system failure if governments, ie, taxpayers did not bail them out.*

(continued on next page)

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.

To subscribe, please send a clear note of your name and full postal address to our offices below with a money order or cheque made payable to KRP Publications Ltd.

The Social Crediter is printed and published by :
KRP Publications Ltd, PO Box 13855, Edinburgh, Scotland, EH15 1YD.
[In Australasia, subscription and business enquiries should be addressed to 3 Beresford Drive, Samford, Queensland 4520.]
UK telephone enquiries to: 0131 657 4740.

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, Samford, Queensland 4520.

The Poor Always With Us

(continued from page 1)

7. *It was the plight of the banks, not the debtor countries, that led to the resulting massive bail-out arrangements in an attempt to save them and their system from collapse.* It was the taxpayers of the creditor countries who then had to foot the bill. They are still paying the price through increased taxation and dramatic cutbacks in social service provision.

8. For example, just one of the bail-out arrangements, well documented in *The DEBT BOOMERANG*,(2) is the mechanism of "provisions" by which banks have been able to treat Third World debts as "losses" for tax purposes "without any requirement to reduce the debt of the debtor countries on their books and, in some cases, with no actual loss suffered by the bank". These provisions are withdrawn from current bank income with a resulting reduction in profits subject to tax. The ensuing loss to the governments requires either a reduction in public spending or an increase in tax. Meanwhile, the banks need have made no actual loss.

9. An authoritative estimate, quoted in *The DEBT BOOMERANG*, of what Northern taxpayers have contributed to banks or simply lost by these arrangements alone is:

a. Between $44 and $50 billion in tax relief on bank provisions and losses.
b. At least $33 billion . . . in disguised subsidies from public entities to private banks.
c. A minimum of $8-10 billion a year in taxes foregone on capital flight, or some $80 billion for the decade.

IBA Banking Analysis Ltd is quoted as noting that there is "no doubt that most of the pain associated with LDC lending is now history as far as the banks are concerned". The pain of that exercise is however still being felt by Western taxpayers, so it is unlikely that their governments would easily get majority support for yet further increases in taxation and reduced services.

10. In any case, such an approach would be likely to have very little impact on the problem, since despite the whole of the 1980s massive bail-out exercise, total external debt of the Less Developed Countries has simply kept on growing from some $846.6 billion in 1982 to $1262.8 billion in 1989 and has been forecast to rise to $1748.6 billion in 1995. *That is the intrinsic nature of the debt-money system and nothing short of its radical reform can prevent total world debt from continuing to increase.*

11. Meanwhile it would be immoral to expect the poor of the Third World to suffer more in order to repay commercial banks either the money which they created in the first place "out of nothing", or the related interest to which, in equity, these banks have no right.

12. Neither of these approaches can therefore resolve the problem. Nor is it a problem just for the Third World. It is common to all of the peoples of the world, including the so-called "rich" countries of the G7 group. Service of the UK National Debt, for example, currently costs the taxpayer £22.1 billions (1995 figures), (3) ie. the equivalent of about 10p in the £ in the standard rate of income tax, and is the direct immediate cause of Treasury stringency on expenditures on health, education and social services.

13. The ONLY practical solution to the international debt problem is the radical reform of the debt-money system which the whole world currently suffers under, and which is proving unsustainable. The authority to create money (ie, credit) "out of nothing" by commercial banks MUST BE WITHDRAWN. It must become again, as it was originally, the sole prerogative of the State to create and inject into the economy the appropriate totals of money supply, initially free of debt or interest. The authority for such an arrangement is still extant, for example, in the Bank of Canada Act which regulates the naturalised Bank of Canada. Alas, the power to act on the basis of that authority has been slowly and deliberately undermined since the end of the Second World War.

Notes:
1. SILICS Severely Indebted Low Income Countries.
   SIMICS Severely Indebted Medium Income Countries.
   SAPS Structural Adjustment Programmes.
2. "The Debt Boomerang", Susan George.
3. "Economic Briefing", H.M. Treasury, April 1996.

Fishing in Crisis

The European Commission has proposed its fourth multiannual guidance programme for fisheries, which will involve huge cuts in the existing fishing fleets, particularly the British one. The Commission is demanding a 40% cut over and above anything already proposed.

The announcement in *The Week in Europe*, a weekly summary published by the London office of the Commission, says that the cuts are necessary "to ensure the survival of an industry under threat from the chronic overexploitation of fish stocks". As far as Britain is concerned, the industry is on its last legs due to the Common Fisheries Policy. John Ashworth, for *Save Britain's Fish*, has pointed out that although overfishing is a serious problem in the south, in the North Sea the last few years have been particularly abundant in fish. *The problem is pollution caused by enormous dumping, which is caused by the two basic principles of the CFP: equal access and the need for quotas (the second being the result of the first).* In other words, conservation is used as an excuse for political purposes, while basic rules are being flouted.

Save Britain's Fish contends that the aim of the CFP is to build a single European Union fishing fleet with the destruction of the British fleet as a necessary step in that direction. The same announcement in *The Week in Europe* gives ample evidence of this, when it says: "The programme is the only way for the EU to gain a modern fleet that will fish responsibly and in balance with the available resources."

Recent pronouncements by British Government ministers have repeated that equal access without discrimination has never applied to British waters. This seems to contradict the various regulations that formed the CFP and the relevant sections of the Treaty of Accession. If, however, this is true, why cannot Britain assert its rights over the 200-mile or median line exclusive fishing zone? It is not true to say that Britain never had exclusive rights there, since the 1976 Fisheries Limits Act states just that, very precisely. Indeed, the Act does not refer to the EEC or the Common Fisheries Policy at all. There is a very serious contradiction here, that has to be resolved before Britain loses its fishing grounds for ever and the North Sea is polluted beyond redemption in pursuit of "a modern EU Fleet".

Helen Szamuely

Thinking Through Future Shock

Book Review

THE NEW WEALTH OF NATIONS, by JOHN RAVEN
(Fireworks Press and Bloomfield Books,
ISBN 0-89824-232-0, 370 pages, £19.95)

This book is claimed to be a "contribution to the quest for ways of tackling the serious ecological, economic, and social problems facing our society", with the approach "distinctive in many ways" from others such.

This latter is stated to be most obvious in how the book illustrates first "the way in which obscure sociological systems processes determine what happens in society". Then Part IV elaborates on a proposition that the answers lie in "new forms of bureaucracy and democracy that are required to run an information-based system effectively".

Raven starts off with an overview of the State of the World - the familiar wide-ranging problems of the Environment, Population Increase, International Debt and Social Breakdown. In the end, unsurprisingly, "We are currently set on a disaster course . . . [so that] . . . the only option we have is whether we will act in time to get control of the situation, or whether we will wait to be pushed around - and probably eliminated as a species - by forces beyond our control".

These acute problems, says Raven, cannot be tackled effectively via the "invisible hand" of the economic marketplace because within it the factors needed for a better quality of life and a healthier global environment simply cannot be monetised. Because of this failure, the danger is that as they interact - e.g., as the population explosion strains the world's food base and global warming threatens nature's life support system - war will result over control of diminishing resources. Governments and terrorists will be led inevitably to deployment of massive arsenals of biological and nuclear weapons with a potentially fatal impact on our species' ability to survive. Meanwhile, those who call on governments to address such problems seriously are simply "whistling in the wind" because, among other reasons, they are "often but a symptom".

That will strike a sympathetic chord with Social Crediters, as will his concise exposure of the "small group of international bankers . . . [who] . . . have, with incredible sleight of hand, pulled off the confidence trick of all time. What hope do we have of introducing a new socio-economic order when they have acquired such enormous powers to command our compliance in activities of their choosing?". He lists the owners of the banks of the Federal Reserve System, and insists that "the assertions of economics have as little contact with reality as the doctrines of medieval religion".

But he fails to clearly acknowledge that the debt-money system and its consequence of irredeemable worldwide debt is *the* critical factor that must be dealt with *before* there can be any prospect of resolving the other problems. His conclusion, offered without any elaboration, is that "The focus on *money* is diversionary . . . [and instead] . . . What we need to focus on is the way in which society *uses* money to frustrate or achieve human ends". There are some errors of fact in this part of his analysis, including the proposition that "money circulating round the globe . . . [amounts to] . . . more than 30 times the value of world production". What is probably meant here is 30 times banks' legal tender reserves.

The treatment of the crucial importance and role of money, in any attempt to tackle the problems under review, is therefore likely to disappoint Social Crediters.

On the other hand, few will disagree that reform of the debt-money system is simply the critical first step to any comprehensive resolution of our major global problems. But it will have to be accompanied by reconsideration of how we define and measure "wealth" so that it comprises "quality of life"; of how we ensure "sustainability" in development; and how communities and individuals can enjoy real democracy in actual living. Of course, it will also have to come to terms with large-scale unemployment resulting from technological change. On each of these, Social Credit philosophy and techniques have more to offer.

Although unemployment is not considered in any depth, in these other areas *The New Wealth of Nations* has much that is valuable for the developing debate. For example, "What happens in society is not determined by the actions of one or two political leaders or researchers. It depends on a network of parallel and interlinked developments in areas which often seem to have little to do with each other . . . A design for a steam-engine would be of little value without parallel developments in steel making, financial services and means of collecting the fares needed to recover capital".

The concept of "networking", with which Raven deals in some extensive detail in Part IV, is designed to mirror the interlocking nature of so many of our problems and to provide the framework within which a much wider and more democratic range of contributions can be made to their resolution.

It is, he says, "not necessary to wait for legislation and sociological change before anything can be done". He discusses proposals for networking now in such areas as education where pupils, parents, employees, co-workers and teachers represent an enormous pool of expertise, experience and goodwill which can be tapped.

The New Wealth of Nations is not an easy book. Indeed the author himself suggests "most people will not read it all the way through". He says it is rather "a source book - a book which will enable those who are thinking and writing about similar issues to find information they need . . .". It will certainly do that, and the chapters devoted to summaries of what has gone before and anticipation of what is to follow will be especially helpful in this context, as also will be the extensive reference notes, including a number from C.H.Douglas.

Alan Armstrong

Without Vision, Perish The Thought

David Mills on knowing what you're saying.

George Orwell hated what he called "orthodoxy". By this he meant a set of ideas that sound virtuous but distort reality to serve a group's interest, and are expressed in dishonest words that helped them hide or justify whatever evil they were up to.

I wish he hadn't used "orthodoxy" for this, but he was right. We are supposed to know the truth and convey it accurately to others, but we are always tempted to lie, not only to others but to ourselves. And even when we actually want to tell the truth, being loyal children of the Fall we cannot see it well enough to tell it.

He who hates his brother, for example, "is in darkness, and walks in darkness, and does not know where he is going, because the darkness has blinded his eyes" (I John 2:11). Scripture often describes those who reject the Lord as blind (see John 9:35-41; Rom. 11:7-10; II Cor. 4:3,4: Mt. 15:14; Rev. 3:17) and those who know Him as seeing truly (for example, Job 19:26; John 12:21; I John 3:2).

A man who cannot see rightly cannot write well. A man who tries to describe a landscape after seeing it in a heavy fog will not even have seen most of the important details, while one who sees it on a clear day will be able to convey everything of importance.

Orwell's answer to the temptations of "orthodoxy" was to write better. "If you simplify your English," he wrote, "you are freed from the worst follies of orthodoxy. You cannot speak any of the necessary dialects, and when you make a stupid remark its stupidity will be obvious, even to yourself".

He was right as far as he went. But not being religious, he did not understand that one writes better - writes more truthfully - when one sees more truly, and that one only sees more truly by becoming a better, in fact a godlier, man. People ought to simplify their English, but they must first see what is truly there and not what they would like to see or even, blinded by sin as they are, honestly think they see.

In other words, the real renewal of language will come about by more and more people seeing reality more clearly, and especially by seeing Reality Himself, rather than the illusions they want to see and are inclined by their sinfulness to invent.

Seeing more clearly, you will more accurately convey what you have seen to others

Seeing more clearly, you will find it more difficult to lie, because you know better the truth and are constantly reminded of it should you want to ignore it. And you will also know more deeply the penalty for lying, even to yourself: you will feel it as a cloud descending on your sight, you will know when things begin to go out of focus. You will fear the loss of vision, when once you were blind, but now you see.

* * *

Mr Mills is the director of publishing at Trinity Episcopal School for Ministry, and editor of the Episcopal Synod's theological journal, *The Evangelical Catholic*, in the USA.

Extracted from Mandate: March/April 1996, published by The Prayer Book Society of the Episcopal Church, USA.

POINT TAKEN

Alberta Days

An assessment which reveals ineptitude as economist, and untrustworthiness as historian, is recorded in *Final Term: The Labour Government 1974-76*, where, referring to his endeavour to thwart, hinder and discourage the Scottish National Party over devolution, Sir Harold Wilson wrote:

The parallel between them (SNP) and the Douglas Social Credit Party of Alberta, I told the House, seemed a clear one. When Social Credit took control there, the utter economic impracticability of its proposals was disguised for a time by the discovery of oil in that province - even then it helped them to survive only for a short time...

It should suffice to note that the Social Credit Party of Alberta's unbroken tenure of nominal office lasted 36 years (1935-71), but having failed to seize control at the critical psychological moment immediately following their surprise election, and strictly conforming to constitutional constraints thereafter, they were denied autonomy. In the period 1935-43, thirteen Acts intended to contribute towards the implementation of Social Credit were declared *ultra vires* by the Supreme Court or invalidated by the Dominion Government. Appeals by the Province from Supreme Court decisions to the Privy Council at Westminster were dismissed.

As for the practicability - and immediate relevance - of Social Credit proposals, this can be gauged by comparing those embodied in the January 8, 1937 Report of the Alberta Government Planning Committee, with James S. Albus' proposed 'public dividend' (*Peoples' Capitalism: The Economics of the Robot Revolution* - New World Books, Maryland, USA, 1976), and Dr K.V. Roberts' (of Culham Laboratory UKAEA) equally significant paper, published in *Computer Bulletin* (June 1981) entitled 'Employment and automation: towards a National Dividend scheme'.

In formulating their proposals, Albus and Roberts were unknown to each other, and neither had come across the comprehensive works of C.H. Douglas, so we have three independent and highly-disciplined minds driven by the logic of developments over recent decades to the identical, ineluctable conclusion.

Jack Hornsby

Mr Keith G. Catmur

In our March/April issue of TSC, the news and current affairs feature headed 'Culture of Chance' included, on the back page, some passages asserting generally-held Social Credit perceptions and principles in regard to charity. Mr Keith G. Catmur has claimed these convey his original thinking and exposition, as found in an article published in On Target in 1986. Mr Catmur, one of the last living associates of C.H. Douglas, feels his treatment of the subject as presented in On Target should be made available to readers. Those interested may write in the first instance to KRP Publications Ltd., PO Box 13855, Edinburgh EH15 1YD.

* Please send me **The Social Crediter** for a year
(Cheques/Money Orders payable to K.R.P. Publications Ltd)

Name: . . . .

Address: . . . .

. . . .

. . . .

Enclosed: £ . . . . . .