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FOR POLITICAL AND ECONOMIC REALISM

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THE SOCIAL CREDITER FOR POLITICAL AND ECONOMIC REALISM

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From Week to Week

Walter Reuther, U.S. Labour Boss, has "forced" Henry Ford, Jr., of U.S. Big Business, to agree to a Guaranteed Annual Wage. This is Mond-Turnerism in the States. It is talked of as a victory for Reuther; but Donald R. Richberg, Professor of Law at the University of Virginia, is reported by *Human Events* as saying: "It appears to be another combination of Big Business and Big Labour to establish an economic system which bodes ill for competitive businessmen, for small and medium business, and in the last analysis for the consumer, who will—of course—have to foot the bill."

We learn of a proposal to form a new Centre Party in Australian politics. Its sponsors feel that Labour has moved as far to the right as the Liberal Party to the left, so that their practical policies are identical, though not representing the theoretical platform of either Party. The new Party, while of course pursuing the same policy as the existing Parties, would honestly proclaim it. Then we'd really have something to vote for.

"THE NEW TYCOONS. There are some one thousand companies listed on the New York Stock Exchange. . . . In the great majority . . . the only large stockholders are institutional trustees for other people's money: investment trusts, pensions funds and banks. Together, these 'fiduciary investors' have effective working control of these companies—that is of the commanding position in our economy. Their holdings amount to almost one-third of all the marketable common shares of American business. By and large, these enormous holdings have been acquired in the past ten years. The pension funds only got going after World War II; there were about two thousand then, there are twenty thousand now. Ten years ago both investment trusts and bank-managed personal trusts were still insignificant. The shift of the centre of security buying since then represents

an unprecedented 'democratisation' of business ownership, for the real owners of these holdings are 'small people,' the middle class and the workers. It also represents an unprecedented concentration of legal ownership, for the number of 'fiduciary institutions' is fairly small.

"Despite its speed and importance, this shift has had amazingly little public attention. When General Motors set up its pension fund seven years ago, it hired Clarence Stanley—then a partner of Morgan, Stanley and Co., the country's most powerful investment bankers—to manage the fund. There could be no more perfect example of the 'capitalist revolution' than this move of J. P. Morgan's direct successor from heading the very symbol of Wall Street to managing the savings of 'proletarians'—especially since it was quite obvious that Mr. Stanley was both bettering himself financially and acquiring much more financial power. Yet no new Horatio Alger rose to tell this twentieth-century version of 'From Rags to Riches.' It was noted, if at all, only in a few financial pages.

"Anonymity, however, is exactly what our new masters prefer. The fiduciary managers are as unlike the old Lords of Creation as they could possibly be. . . ."

—Peter F. Drucker, in *Harper's*, May, 1955.

"Automation" is receiving altogether too much publicity. One feature which emerges is that automation requires a large and fixed programme of production—a programme which determines the consumer, rather than is determined by him.

Clearly, if "small and medium business" are eliminated by automation and Mond-Turnerism, we shall have a physical tyranny as opposed to the psychological tyranny of monopolistic finance, and to that extent more difficult to overthrow.

The Guaranteed Annual Wage, plus Social Security, in effect is the abolition of the wages system and a return to straight-out slavery. The development of 'underdeveloped' countries is a guarantee of (and necessity for) Full Employment of the slaves.

"Parliamentary Government has been steadily declining from the all-time excellence it reached in the second half of last century in England.

"I have to agree with Spengler's statement: 'With the beginning of the 20th century, Parliamentarianism is tending rapidly towards taking upon itself the role it once assigned to Royalty.

"It is becoming the impressive spectacle for the multitude, for the orthodox, while big policy, already transferred *de jure* from the Crown to the people's representatives is

passing *de facto* from the latter to unofficial groups and the will of unofficial personages.”

The dangers challenging the parliamentary institution are the tyranny of the Cabinet, the bureaucracy and the growing rigidity of the party system, Mr. Green warns. He goes on:

“When the outside political body succeeds in dictating in detail to its parliamentary body—the Government—parliamentary Government will have ceased to exist. . . .”
—Frank Green, Clerk of the House of Representatives from 1937 to June, 1955, reported in *The Sydney Morning Herald*, June 25, 1955.

Parliamentary Privilege

“No doubt it is the consciousness of the decline in the importance of the individual member which has made the House of Commons, in recent years, so tender in respect of its collective powers and dignities. Allegations of breach of privilege have been pushed further than at any time since the great constitutional controversies of the seventeenth century. This attitude itself, if persisted in, is a further symptom of a dictatorial tendency. As *The Times* observed in a leading article on August 1, 1951:—

“During the two Parliaments since 1945—and particularly during the past year—more and more members of the House of Commons have sought to use privilege as a weapon by which to restrict the free discussion of political issues. . . . This is no new danger. During the seventeenth century privilege was a valuable weapon to employ against an interfering monarch; during the eighteenth century, when this need for it no longer existed, it was nevertheless still used—and used unreasonably—against the Press and the public. . . . Parliamentary government means government by a majority, and there is always the danger that the majority may be oppressive. Significantly it is Labour members of Parliament who, since their party was returned with a majority in 1945, have been most active in bringing complaints of breach of privilege against members of the general public. The threat to liberty may not at the moment seem great, but this does not lessen the need for vigilance. As has been apparent during the past year, sensitivity to public criticism is an infectious disease: one complaint of breach of privilege encourages another. “It is undesirable,” said the Committee of Privileges earlier this year, “to restrict the freedom of discussion unduly.” Members of Parliament should recall these words before they seek refuge from the harsh winds of public criticism behind the ‘obsolete claims of Parliamentary privilege.’”

—G. W. Keaton, Dean of the Faculty of Laws, University College, London in *The Passing of Parliament*.

Power

“ . . . the principle of conscription was founded in a democratic time. He (Power) is the despoiler of wealth, but democracy provided him with the inquisitorial mechanism of taxation which he uses. The tyrant would not derive legitimacy from the plebiscite if the General Will had not already been proclaimed the sufficient source of authority. . . . The way has been made straight for the conditioning of minds in childhood by the monopoly, whether more or less

complete, of education. Opinion has been prepared for the seizure by the State of the means of production. Even the police regime, that most insupportable attribute of tyranny, has grown in the shadow of democracy. . . .

“Democracy, then, in the centralising, pattern-making, absolutist shape which we have given to it is, it is clear, the time of tyranny’s incubation.

“By means of the air of apparent innocence which Power derives from it, Power has attained a vastness of which a war and a despotism such as Europe never saw before give us the measure. Had Hitler succeeded Maria Theresa on the throne, does anyone suppose that it would have been possible for him to forge so many up-to-date weapons of tyranny? Is it not clear that he must have found them ready prepared? The more we think on these lines, the better we can appreciate the problem which faces our Western World.

“It is, alas, no longer possible for us to believe that, by smashing Hitler and his regime, we are striking at the root of the evil. Even while we do it, we are already making plans for after the war, which will make the State the arbiter of every individual destiny and will place, inevitably, in Power’s hands means adequate to the vastness of its task.

“Can anyone doubt that a State which binds men to itself by every tie of need and feeling will be that much the better placed for devoting them all one day to the dooms of war? The more departments of life that Power takes over, the greater will be its material resources for making war; the more clearly seen the services which it renders, the readier will be the answer to its summons. And will anyone be so bold as to guarantee that this vast mechanism of State will never fall into the hands of a glutton of empire? Is not the will to Power rooted deep in human nature, and have not the outstanding qualities of leadership needed for the handling of a machine which goes ever from strength to strength often had for companion the lust of conquest?”

—Bertrand de Jouvenel in *Power*.

Politics and Imaginative Literature

Some interesting, and, we believe, true, remarks are made by a reviewer in *The Times Literary Supplement* for July 15 concerning the difficulties which beset a novelist as soon as he tries to tackle a political theme.

“Men and women,” he says, “though caught up in politics, are not more than fractionally political animals. If they are treated as whole people, the political theme is lost. If the political theme is adhered to, the characters become puppets. It seems likely that it is impossible to write a good political novel, at least about a particular political situation. George Orwell was forced into allegory and if *Animal Farm* began as a satire on the Soviet Union, it ended as a satire on human government. In *The Castle* Franz Kafka went to the emotional source of the relation between the governors and the governed, but though some maintain that his masterpiece was political, others assert that it dealt with the relation of man to his maker, divine or human.”

For the Record*

by C. H. DOUGLAS

It is the mode of a literary and cultural decadency, probably not unconnected with nervous deficiency, to regard understatement as being preferable, and more effective, than accurate statement, in much the same way that many people consider that punctuality consists in being half-an-hour early and premise their political views by remarking that some of their best friends are Jews. For this reason, or perhaps because of its obvious assistance to a repetition of the outcome of the British military victory of 1918, we refer to the mistakes, not the rascality of those who moulded the events of the armistice years; while repeating on a larger, and surely final scale, those policies which threw military victory away in five years time, and committed us to a second, and, so far as can be seen, the inevitable third world war.

Of those policies, export trade embodied the major economic component—a policy which can now be seen by anyone who will use a little competence to be directed to weakening Great Britain and strengthening her adversaries, in much the same way that we are now pouring food, munitions, and machinery into Russia and her satellites.

The fact that we live on our exports, as well as being asserted by all reputable publicists, is demonstrated by the fact that our broadcasting system announced on July 27 that our exports had exceeded all records during the preceding quarter. A somewhat earlier announcement was concerned with the intensification of bread rationing. Our houses are receding in quality and condition, but increasing in rent and liability to sequestration, our transport is bad, expensive and subject to increasing collision both on the roads and railways (whose charges are thirty per cent. higher than they were fifty years ago), our food is bad in quality and deficient in quantity, inflation of prices is encouraged and, in the case of wines and spirits, enforced by the Government, postage is expensive and postal, telegraph and telephone services are bad and deteriorating, taxation is confiscatory, and both elected Ministers and bureaucracy are insolent, overpaid, and over privileged.

With these evidences of satisfactory national administration in mind we can consider the observations in the speech of the Chairman of the Banking and Currency Committee of the House of Representatives (U.S.A.). They have been extracted from the *Congressional Record* of December 15, 1931, by A. V. McNeil of Kitsilano, British Columbia, with the exception of the final quotation, which is from *Hansard* of February 25, 1942.

I. p. 559: . . . Because it (the Hoover moratorium) was an infamous proposal, the President of the United States endeavoured to find support for his intended action. He was afraid to do this thing alone at the bidding of the German international bankers—the Warburgs; Kuhn, Loeb and Co. of New York; and their followers: all of whom had been engaged in bleeding this country white for the benefit of Germany and themselves ever since the World War came to an end. . . .

II. p. 560: . . . Mr. Hoover himself had to be elected,

because this scheme began before he became President. If the German international bankers of Wall Street—that is Kuhn, Loeb & Co., J. and W. Seligman, Paul Warburg, J. H. Schroeder & Co.—and their satellites had not had this job waiting to be done, Herbert Hoover would never have been elected President of the United States. They helped select him. They helped elect him. . . .

III. p. 563: . . . It was the international German bankers' plan for having the burden of reparations removed from her triumphant march toward world domination. . . .

IV. p. 563: . . . The international German bankers have subsidised the present Government of Germany and have also supplied every dollar of the money that Adolph Hitler has used in his lavish campaign to build up a threat to the government headed by Bruening. When Bruening fails to obey the orders of the German international bankers, Hitler is brought forth to scare the Germans into submission. The German international bankers have worked up great resentment in Germany, and their hired agents have prompted the Germans to unite in order to free themselves from their war obligations. But resentment, the bankers knew, was not enough. They had to put a weapon into the hands of Germany which could be used against the society of nations in general and against the United State in particular. They conceived the idea of robbing us by stealth, by fraud, and by trickery, and they have succeeded. Through the Federal Reserve Board and the Federal Reserve Banks over thirty billions of American money over and above the German bonds that have been sold here have been pumped into Germany. . . .

V. p. 564: . . . Here you have a banking system which has financed Germany from start to finish with the Federal reserve notes and has unlawfully taken from the Government and the people of the United States. The Federal Reserve Board and the Federal Reserve Banks have pumped so many billions of dollars into Germany that they dare not name the total. I have repeatedly asked the Federal Reserve Board to send me a list of the acceptance credits granted by the accepting banks of this country by and with the consent of the Federal Reserve Board and they have not. They cannot and they dare not divulge the total. This is the Congress of the United States, but you have no information concerning the amount of Federal Reserve currency that has been issued for the benefit of Germany on trade bills or acceptances. . . .

VI. p. 564: . . . Do you know that Germany has been lending our money to Soviet Russia as fast as she can get it out of this country from the Federal Reserve Board and Banks? Do you know that she is the author of the 5-year plan; that she has armed and supplied Soviet Russia with our money? Do you know that Germany and Soviet Russia are one in military and industrial matters?

VII. p. 564: . . . Do you know that the Federal Reserve Board and the Federal Reserve Banks have also been financing Soviet Russia, and that Russia owes her an immense sum of which \$150,000,000 is due by January 1, 1932. . . . In addition to their debt to us, Soviet Russia has borrowed 535,000,000 reichmarks from Germany, and that was our money, too. . . .

VIII. p. 564: . . . Last year there was some enquiry into the Federal Reserve Board and Banks, and George L. Harrison, governor of the New York Federal Reserve Bank,

*Originally published in 1946.

was asked to state the amount of acceptances purchased by the Federal Reserve Banks in foreign countries. He was unwilling to answer in public. He was permitted to answer in secret. Why was that? . . . The only thing that is American about the Federal Reserve Board and Banks is the money they use. . . .

IX. p. 564: . . . The international bankers sought to bring about a condition of financial despair and anarchy here so that they might emerge as the rulers of us all, and the next step they hope to take with Hoover's assistance is the establishment of a new kind of war finance corporation under the control of the notorious short seller, Bernard Baruch, or another of the same stripe. Then you will see fascism here instead of the Constitution of the United States: then you will see a dictator controlling industry and production as we now have a dictator controlling money and credit. . . .

X. *Hansard* (English) Vol. 378, No. 37, 25th February, 1942, col. 275, Mr. Sloan (S. Ayrshire): How can we have any ultimate settlement of the Far Eastern question, in which there shall be no more Singapore? This naval base was built 19 years ago. A friend of mine, Mr. Hughes, who is editor of *Forward*, writes in this week's issue that on the very week when Singapore was commenced he wrote that the Japanese would look upon the building of Singapore as an act of aggression against themselves; further, that during the very same week the financiers of the City of London loaned to the Japanese £25,000,000 to build a navy for the purpose of destroying the Singapore base which was costing us £20,000,000 to build.

Extracts from "Rural Rides" by William Cobbett

(From the edition in the Everyman Library.)

Page 37. Wednesday, 21 November, 1821.

We intended to have a hunt; but the fox-hounds came across and rendered it impracticable. As an instance of the change which rural customs have undergone since the hellish paper system has been so furiously at work, I need only mention the fact, that, forty years ago, there were *five* packs of fox-hounds and *ten* packs of harriers kept within ten miles of Newbury; and that now there is *one* of the former (kept, too, by *subscription*) and *none* of the latter, except the few couple of dogs kept by Mr. Budd! "So much the better," says the shallow fool, who cannot duly estimate the difference between a resident *native* gentry, attached to the soil, known to every farmer and labourer from their childhood, frequently mixing with them in those pursuits where all artificial distinctions are lost, practising hospitality without ceremony, from habit and not on calculation; and a gentry, only now-and-then residing at all, having no relish for country delights, foreign in their manners, distant and haughty in their behaviour, looking to the soil only for its rents, viewing it as a mere object of speculation, unacquainted with its cultivators, despising them and their pursuits, and relying for influence, not upon the good will of the vicinage, but upon the dread of their power. The war and paper-system has brought in nabobs, negro-drivers, generals, admirals, governors, commissaries, contractors, pensioners, sinecurists, commissioners, loan-jobbers, lottery-dealers, bankers, stock-jobbers; not to mention the long and

black list in gowns and three-tailed wigs. You can see but few good houses not in possession of one or the other of these. These, with the parsons, are now the magistrates. Some of the *consequences* are before us; but they have not all yet arrived. A taxation that sucks up fifty millions a year *must* produce a new set of proprietors every twenty or less; and the proprietors, while they last, can be little better than tax-collectors to the government, and scourgers of the people.

Page 85.

19 June, 1822.

The crop of hay is very large, and that part which is in, is in very good order. We shall have hardly any hay that is not fine and sweet; and we shall have it, carried to London, at less, I dare say, than £3 a load, that is 18 cwt. So that here the *evil* of "*over-production*" will be great indeed! Whether we shall have any projects for taking hay into *pawn* is more than any of us can say; for, after what we have seen, need we be surprised, if we were to hear it proposed to take butter and even milk into pawn? In after times, the mad projects of these days will become proverbial. The oracle and the over-production men will totally supplant the *March-hare*.

Page 117.

11 October, 1822.

Met with a farmer who said he must be ruined, unless another "good war" should come! This is no uncommon notion. They saw high prices *with* war, and they thought that that was the *cause*.

Page 132.

18 November, 1822.

This is a fine country for fox-hunting, and Kilmston belonged to a Mr. Ridge who was a famous fox-hunter, and who is accused of having spent his fortune in that way. But what do people mean? He had a right to spend his *income*, as his fathers had done before him. It was the Pitt-system, and not the fox-hunting that took away the principal.

THE BRIEF FOR THE PROSECUTION

by C. H. Douglas.

This book is the last of the contributions to the understanding of world politics written during the war of 1939-1945 by the author of SOCIAL CREDIT. The series began with THIS 'AMERICAN' BUSINESS (August, 1940) and continued and expanded with THE BIG IDEA (1942), THE 'LAND FOR THE (CHOSEN) PEOPLE' RACKET (1943), and, PROGRAMME FOR THE THIRD WORLD WAR (1943).

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