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FOR POLITICAL AND ECONOMIC REALISM

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The Struggle for World Power*

We may as well state at the outset our criticism of Mr. Knupffer's book, which is fundamental. The flyleaf introduces us to what Mr. Knupffer has to say, and we may well deal with matters in the same order. Mr. Knupffer's claim is to have been the first to give a complete picture of how "the materialists on both sides of the Iron Curtain have obtained power during the past two or three centuries" and how "capitalism, socialism, communism, materialism and World Government Internationalism are interlinked as an organic whole." We would emphasise that it is not the claim to priority that we contest but the far more inaccurate claim to completeness. Mr. Knupffer's presentation is not complete. It is not even complete in essentials, as Douglas was. What is omitted is any realistic account of the relationship between Finance, as practised universally, and Policy—"History is crystallised Policy." So long as this relationship is allowed to pass unrecognised, Freemasonry in its various manifestations will be in the unassailable position of being able to assert with impunity that all systems lead to the same end—and therefore the disease at the heart of human society is incurable: whatever you do Judaeo-Masonic philosophy (and policy) win.

Mr. Knupffer does seem to be aware of the influence of what he calls "perverted forms of Freemasonry" and he does believe that the present corrupt and usurious financial system enables the "Messianic Materialists" as he calls them to carry out their policy of power centralisation. But his understanding of how it does so is deficient in certain fundamental respects.

In his analysis of the economic and financial situation he covers much ground that is familiar to social crediters, but his remedial proposals fall short. He seems to regard work as the only title to remuneration and, in dealing with the question of full-employment, he has nothing to say of the fact that human effort plays an ever decreasing rôle in production and that, on the strength of the common heritage of scientific and engineering achievements, a dividend should progressively replace wages and salaries.

In fact, Mr. Knupffer believes that if the State resumed the sole right, now usurped by the banking system, to issue money *in this case* free of debt and interest, to cover government expenses and relieve taxation, most of our financial and economic problems would be solved. Private loans to individuals would, of course, bear interest but, for *all* loans, there would be compulsory arrangements for amortization. It would be the duty of the government to maintain stable price and wage levels (He has not realised that improvements in process should reduce prices to consumers without loss to producers) and the control of monetary issues would

* *The Struggle for World Power* by George Knupffer (The Plain-Speaker Publishing Co., London, 1958).

be vested in a statutory body similar to the Supreme Court of the U.S.A. The State would, in fact, be under an obligation to bring about "a natural balance between work and money, between prices and wages" so that "they will be mutual reflections of each other." This statutory obligation would, he thinks, avert any dangers inherent in centralisation. But, in view of recent articles in this journal describing the attempts being made at present by the Supreme Court to abrogate the American Constitution, which it was designed to protect, readers of *T.S.C.* will not feel happy about such an arrangement, particularly as Mr. Knupffer does not make it quite clear who should control the policy of production as regards quality, quantity and kind.

Mr. Knupffer suggests, however, that many readers may wish to skip lightly over most of the earlier chapters of his book which deal with economics and finance, although he would like them to give serious consideration to his remedial proposals. He also hopes that the chapters from 11 onwards will receive careful attention. For the most part these deal with Russia and the background of the Russian revolution and with the correction of false ideas about conditions in Russia especially in the later years of the Czars—matters on which, as a Russian, Mr. Knupffer feels entitled to write with authority.

It is useful to read this section in conjunction with the works of authors like Francis Palmer (*Russian Life in Town and Country*—Newnes, London, 1901) and Lancelot Lawton (*An Economic History of Soviet Russia*—Macmillan) with which it is in broad agreement. Thus, of progress during the last quarter of the nineteenth century Palmer wrote, apropos of improved conditions: "All these changes have been going on so quietly that few who have not lived in Russia can realise that their results are fully as great as might have been obtained in other lands by nothing short of revolution. Some idea of the enormous growth of Russian industries can be formed by the fact that . . . the total value of Russian manufactures in 1899 was nearly four times as great as in 1879." Until near the end of the century however, "few industries conducted upon scientific principles had been established by Russians alone. A new era, however, is now opening and the rapid progress which Russia has recently made in the industrial world shows clearly what she is capable of accomplishing when she has full employment in those industries for all her now unemployed millions of capable workers." (Note—The unemployment was largely in winter. In summer there was more than enough to do on the land and very many townspeople were also landworkers.)

Mr. Knupffer blames the West for failing to give ade-

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THE SOCIAL CREDIT SECRETARIAT

Personnel—Advisory Chairman: Dr. Tudor Jones. Chairman: Dr. B. W. Monahan, 36, Melbourne Avenue, Deakin, Canberra, Australia. Deputy Chairman: British Isles: Dr. Basil L. Steele, Penrhyn Lodge, Gloucester Gate, London, N.W.1. (Telephone: EUSton 3893.) Canada: L. Denis Byrnie, 7420, Ada Boulevard, Edmonton, Alberta. Secretary: H. A. Scoular, Box 3266, G.P.O., Sydney, N.S.W.

From Week to Week

The water to be directed from the Snowy River to the Rivers Murray and Murrumbidgee and used for irrigation is estimated officially by the Snowy Mountains Authority to increase food production by £30,000,000 annually. This sum represents about £3 per head of the Australian population per annum—a little over a shilling a week. In order to catch up with the cost of living, the Australian basic wage has been increased by about fifteen shillings a week.

The irrigation water is to be distributed without charge, and the capital cost of the scheme, which will have been distributed with inflationary consequences and recovered through prices and taxation, is to be borne by the sale of electricity.

But a lot of big planners are having a lot of fun.
—Sydney, July 11, 1959.

Aid to Israel

The following official figures on U.S. Foreign Aid to Near East countries, since the end of World War II, throw light on a Washington pressure group's power. From Summary of Foreign Grants and Credits, Dept. of Commerce, June, 1957 Quarterly report. Population figures are from the 1957 World Almanac.

	Population	Net Grants and Credits
Egypt	23,240,000	\$ 72,000,000
Iraq	5,200,000	11,504,000
Iran	21,146,000	301,000,000
Israel	1,850,000	432,000,000
Jordan	1,500,000	38,000,000
Lebanon	1,425,000	21,966,000
Saudi Arabia	6,500,000	9,113,000
(Saudi Arabia also holds \$15,158,000 Lend-Lease silver belonging to the U.S. Treasury.)		
Syria	3,906,000	1,076,000

Recapitulation

Eight Moslem states with a total population of 62,917,000 received \$454,659,000 while Israel with a population of only 1,850,000 received \$432,000,000.

—From Paul Winters, Washington D.C.
—American Mercury, March, 1958.

National Debts

The United States has a larger national debt than all other nations of the world combined—yet we continue to pay the debts of other nations! Published in the New York Daily News, and reprinted in the Congressional Record of August 13, 1957 (at the request of Senator George Malone), was the following laboriously worked out table showing the debts of the important nations of the world as translated into American dollars:

United States	\$280,800,000,000
Australia	2,930,000,000
Belgium-Luxembourg	6,378,000,000
Brazil	1,037,000,000
Burma	140,000,000
Canada	14,546,000,000
Chile	74,000,000
Columbia	281,000,000
Denmark	1,306,000,000
France	16,229,000,000
Germany	5,024,000,000
Greece	295,000,000
India	6,408,000,000
Israel	506,000,000
Italy	7,233,000,000
Japan	2,601,000,000
Mexico	300,000,000
Netherlands	5,423,000,000
Norway	1,726,000,000
Pakistan	681,000,000
Philippines	452,000,000
Portugal	486,000,000
Sweden	2,803,000,000
Thailand	353,000,000
Turkey	1,158,000,000
United Kingdom	74,200,000,000
Venezuela	10,000,000

—American Mercury, January, 1958.

“Progress”

“People who weren't alive before 1914 don't know how pleasant life can be,” said Mr. Wilkie. “I belong to the horse-and-buggy age and, having seen the start of the atomic, I'm glad of it.

“Too many people mistake change for progress. In my youth in England, with only a little shindy like the Boer War, life was tranquil and serene and one had a sense of continuity and security. That's all gone today.”

And in its place? The “excitement” of wondering who will drop the first atom bomb, the “adventure” of racing the next country to production of the most lethal weapon, the “culture” of rock 'n roll and abstract art and the biggest skyscraper in the world.

And in spite of all that the world, he says, is “really very drab” today.

With welfare states killing initiative and standardisation doing the same to individuals, the production of “giants”—in politics, art, the theatre and commerce—has dropped to an all-time low.

—Reported by Deborah Garland in an article on Shakespearean actor Allan Wilkie in the Melbourne Herald, March 28, 1959.

United Nations Peace Force—"This Legalistic Approach"

" the creation of a stand-by United Nations Peace Force. The Canadian Government's support, over many years, for the creation of such a force is a matter of record in this Assembly, reaffirmed as recently as last September when Prime Minister Diefenbaker addressed the opening meeting of the twelfth regular session."

—Statement by Mr. Sidney E. Smith, Secretary of State for Foreign Affairs, at the Third Emergency Session of the General Assembly of United Nations, New York, August 19, 1958.

On the face of it, the creation of such a United Nations Peace Force is "the only way" to maintain "peace." What kind of "peace"?

The best answer which I have seen is given in chapter IV of George Kennan's book *American Diplomacy 1900-1950*, which is included in *Documents of Modern Political Thought*: Utley and Maclure (Cambridge University Press). In this chapter Kennan scores the possibility of "suppressing the chaotic and dangerous aspirations of governments in the international field by the acceptance of some system of legal rules and restraints.

"It is the essence of this belief, that instead of taking the awkward conflicts of international interest and dealing with them on their merits with a view to finding the solutions least unsettling to the stability of international life, it would be better to find some formal criteria of a juridical nature by which the permissible behaviour of States could be defined. There would then be judicial entities competent to measure the actions of governments against these criteria and to decide when their behaviour was acceptable and when unacceptable. Behind all this, of course, lies the American assumption that the things for which other peoples in this world are apt to contend are for the most part neither creditable nor important and might justly be expected to take second place behind the desirability of an orderly world, untroubled by international violence. To the American mind, it is implausible that people should have positive aspirations, and ones that they regard as legitimate, more important to them than the peacefulness and orderliness of international life. From this standpoint, it is not apparent why other peoples should not join us in accepting the rules of the game in international politics, just as we accept such rules in the competition of sport in order that the game may not become too cruel and too destructive and may not assume an importance we did not mean it to have.

"We tend to underestimate the violence of national maladjustments and discontents elsewhere in the world if we think that they would always appear to other people as less important than the preservation of the juridical tidiness of international life.

"Second The very principle of 'one government, one vote,' regardless of physical or political differences between states, glorifies the concept of national sovereignty and makes it the exclusive form of participation in international life. . . . In doing this, it ignores the tremendous variations in the firmness and soundness of national divisions: the fact is that origins of state borders and national personalities were in many instances fortuitous or at least poorly

related to realities. It also ignores the law of changes . . . the function of a system of international relationships is not to inhibit this process by imposing a legal straitjacket upon it but rather to facilitate it: to ease its transitions, to temper the asperities to which it often leads, to isolate and moderate the conflicts to which it gives rise and to see that these conflicts do not assume forms too unsettling for international life in general.

"By the same token, the American concept of world law ignores those means of international offence—those means of the perspection of power and coercion over other peoples which by-pass institutional forms entirely or even exploit them against themselves: such things as ideological attack, intimidation, penetration, and disguised seizure of the institutional paraphernalia of national sovereignty.

"This is one of the things that have caused the peoples of the satellite countries of eastern Europe to look with a certain tinge of bitterness on the United Nations. . . . It assumes that civil wars will remain civil. . . . It assumes that each nation will always be able to construct a government qualified to speak for it and cast its vote in the international arena and that this government will be acceptable to the rest of the international community in this capacity.

"Finally, this legalistic approach to international relations is faulty in its assumption concerning the possibility of sanctions against offences and violations. In general, it looks to collective action to provide such sanction against the bad behaviour of states. . . . It forgets that . . . the wider the coalition becomes, the more difficult it becomes to retain political unity and general agreement on the purpose and effects of what is being done. As we are seeing in the case of Korea, joint military operations against an aggressor have different meaning for each participant and raise specific political issues for each one which are extraneous to the action in question and affect many other facets of international life. The wider the circle of military associates the more cumbersome the problem of political control over their actions, and the more circumscribed the least common denomination of agreement. This law of diminishing returns lies so heavily on the possibilities for multilateral military action that it makes it doubtful whether the participation of smaller states can really add very much to the ability of the great powers to assure stability of international life. And this is tremendously important, for it brings us back to the realisation that even under a system of world law the sanction against destructive international behaviour might continue to rest basically, as it has in the past, on the alliances and relationships among the great powers themselves. There might be a state or perhaps more than one state which all the rest of the world community together could not successfully coerce into following a line of action to which it was violently averse. And if this is true, where are we? It seems to me that we are right back in the realm of the forgotten art of diplomacy from which we have spent fifty years trying to escape."

The same holds true for Sidney Smith's, Diefenbaker's, Lester Pearson's, United Nations Peace Force. "Peace" forces or police forces are instruments to give laws effect. But if the laws, upon being examined more closely, contradict what should be their legitimate intentions, then are the police forces peace forces? —D.S.H.

View of Inflation by a Socialist

(From Our Canadian Correspondent.)

"A more useless contribution to the debate on inflation than that made to the Toronto Canadian Club by Stanley Knowles (formerly M.P. and heir to the leadership of the C.C.F. Party, now a vice-president of the Canadian Congress of Labour) would be hard to imagine. Because of the paradox of rising prices at a time of abnormal unemployment and unused productive capacity, Mr. Knowles said economists may have to revise their definition of inflation." (This appeared in an editorial of the *Edmonton Journal*, January 1, 1959.) "Mr. Knowles indicated that he had come to the conclusion that we cannot have 'full employment' and stable prices at the same time and said that 'anyone in his right mind would choose full employment along with inflation'."

The *Journal* scored Mr. Knowles soundly. "The problem for this nation is to achieve a high level of employment and stable prices." We must produce more and export more at prices the world is willing to pay.

But how? Mr. Knowles recognised as one of the ablest of the socialists, at least forthrightly presented the anomaly, and the Press was vexed and refused to even countenance his honesty.

In the pages of the same paper a little later (February 13), the following appeared in a letter—"About a year ago an article in *Time* magazine pointed out that economists in U.S.A. believe that inflation would continue for many years to come, and at the rate of about three *per cent.* per year. The article also pointed out that if inflation continued at even this modest rate a young man would in his lifetime, see an ordinary house costing \$100,000 (as compared to about \$11,000 now) a car \$10,000 (as compared to \$2,500) and a packet of cigarettes \$1.00 (as compared to 30 cents in U.S.A.)" The writer of the letter goes on to claim that labour is mainly responsible, and the *Journal* in its righteous vacuity would appear to do the same.

How would Stanley Knowles solve the problem? Perhaps by "beneficent" state socialism—by the state taking over industries and "creating" employment for all workers who were certificated. He has, however, admitted the anomaly. Surely even a prime minister himself could do as much. Our present one does not seem to lack courage.

What is the answer? There are three possible or two impossible ones—the *Journal's*, which actually is no answer, since it does not recognise the facts; Mr. Knowles' answer of inflation with employment, or socialism, which he knows this leads to; or the A + B theorem. Or are Mr. James E. Cayne, Governor of the Bank of Canada, and the economists ready to give a "revised definition of inflation"?

Perhaps a revised definition might go something like this: "Not funny money, you know, although, to be frank, it might seem funnier than funny money but that is because the money system is not a system but a phenomenon more difficult to understand than the spots on Venus. We shall always continue to look at it scientifically and shall refuse to believe what those who have been christened funny money people say about an integral relationship between prices, and production. That is an over simplification. We don't like simplifications and refuse to take them seriously."

—D. STEWART.

THE STRUGGLE FOR WORLD POWER—

(continued from page 1.)

quate support for anti-communism in Russia, since he is convinced that the great mass of the Russian people are still Christian and anti-communist at heart. He also makes the interesting statement that "one of the reasons which made the Russian revolution so essential from the point of view of the financiers" was because "in Russia, huge in size and population, developing rapidly, and in all respects one of the two or three great powers in the world, . . . though many aspects of modern capitalism were in being, the true control of money and credit remained ultimately in the hands of the Crown, itself not only disinterested and incorruptible but entirely devoted to the well-being of the nation." He considers that "the substitution of communism for natural liberty under the Czar solved the problem of the materialists in more than one way" *i.e.*, by removing a dangerous competitor and thus closing a breach in their monopoly and creating a base for further attacks.

Mr. Knupffer has this to say about the failure of the Russian Whites in the Civil War which lasted altogether from 1918 to 1922:—"It failed because the Whites suffered from political and moral shock, from a kind of mass inferiority complex, a collective failure of their beliefs. This process had been developing even before the revolution. The intelligentsia lived in an atmosphere in which everything foreign was wonderful and everything Russian second rate whereas, in fact, the opposite was nearer the truth, not only of culture and civilisation but even of the quality of industrial production. But the rootless and empty denationalised and semi-educated tribe of Russia's Bloomsbury had succeeded in spreading the mood sufficiently widely. When the Empire fell, all Russians were affected by this emasculation of the mind and spirit . . . The Whites failed because they did not dare to proclaim the aims which all of them had at heart. . . . With very few exceptions none dared to say openly that the nation remained Monarchist and Christian. Instead, the slogans were in favour of non-predetermination of the future, which was to be settled by a Constituent Assembly. The Whites fought for nothing tangible and their only aim was negative: they were against communism."

These words are applicable elsewhere than in Russia and at the present time and the book implies that the only way that the right can hope to defeat Communism is to offer something better—morally, politically and economically—and that quickly.

Near the end of the book is "An Appeal to the free world" by H.I.H., the Grand Duke Vladimir, the Head of the Imperial House and lawful claimant to the Throne of Russia. There is also an Appendix containing quotations from the *Report of the Royal Commission on Monetary, Banking and Credit Systems* published by the Government of New Zealand in 1956. Finally, also in the Appendix, there are figures, from various sources, of wages, prices, and industrial, agricultural and other achievements in Russia which indicate that the revolution has generally retarded progress in comparison with that which was taking place in Czarist times.

—T.N.M.