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The Last Chance : A Conspectus

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I.

In 1918 Major C. H. Douglas, a Scottish engineer, published a short article which drew attention to certain relations between Finance, Centralisation, and World Hegemony. In 1920 he published a book, *Economic Democracy*, in which this matter was closely analysed. What emerged from this examination was the fact that the operation of the financial system was inherently centralising, forcing on society a pyramidal organisation, with Finance, in the form of the banking system, at the apex of power.

At first, Major Douglas was undecided as to whether this situation was fortuitous or brought about by design. He foresaw, however, that the progress of centralisation would bring a relatively small group of people to a position of unprecedented world power; and that since such a degree of centralisation is oppressive to individuals, while power once attained is never relinquished voluntarily, a situation of conflict between centralised power over mankind, and reaction against such power, would eventually come about.

This general theme was elaborated by Major Douglas in a series of books examining the central problem from various points of view, and various aspects were investigated in a series of articles and addresses. In a period of what appeared to be ever-expanding prosperity, Douglas forecast an economic catastrophe, which in fact occurred with the great depression which began in 1929.

The paradox of poverty amidst plenty drew attention as nothing else could to the part played by money, and particularly by financial credit, in production and distribution. All over the world, thanks to the propagandist efforts of the relative minority of people who had grasped the significance of Douglas's explanation of the actual functioning of the financial system and its relation to industry, large numbers of people became familiar with what up till then had quite literally been regarded as a mystery. A growing demand arose for a reform of this system, and the culmination of this demand was the election of a Government in Alberta, Canada, pledged to such reform.

II.

This was a decisive event. It resolved the question beyond any doubt, as to whether the operation of the financial system was fortuitous, or the outcome of a deliberate conscious policy. Quite clearly, immediate purposive steps

were taken by financial institutions to hamstring the new Government. Every attempt made to bring about financial reform was foiled, whilst an immense, but obviously organised campaign of lying and misrepresentation was unleashed to discredit the Government.

Douglas's growing conviction that behind the troubles which beset the world was a definite intention to establish a World Hegemony of Finance was thus brought to a certainty. But now the rise of Hitler, and subsequently the policy of re-armament, relieved the depression; and increased availability of money coupled with the distraction of the growing threat of war, diminished public interest in monetary reform.

Douglas had now decided that events were too ominous for financial reform to be effective. He saw that the conspiracy underlying events, and those concerned with the conspiracy, must be exposed. In a series of works, beginning with *Whose Service is Perfect Freedom*, begun just before the Second War broke out, he exposed the drive for World Hegemony as a conscious conspiracy, and showed the relationship of the war itself to this conspiracy in works published during and after that war.

On the evidence and analysis he adduces, it is quite clear that the war was brought about deliberately by those at the apex of control of the financial system. German re-armament was accomplished with the assistance of the Bank of England—one of the world series of central banks which are themselves evidence of the hierarchial policy of Finance—while British re-armament was hampered and socialist pacifism encouraged. But during this period there were prepared a series of far-reaching centralising administrative controls which were imposed on the British public when war broke out.

III.

One effect of the Great Depression, and of the monetary reform propaganda which accompanied it, was to make another such depression virtually politically impossible; so an alternative method of carrying forward the conspiracy for World Hegemony had to be provided.

The core of the pre-war system of finance was that costs of production continuously exceeded the flow of incomes to meet them—a system that automatically kept money in short supply and consequently power in the hands of those able to supply it. Before the great depression it was not understood outside a very limited number of students that

the great bulk of 'money' is in fact financial credit; and that this latter is absolutely nothing but the creation of the banking system, most of it existing, indeed, only as figures in books. Nowadays, however, the 'creation of credit' is a commonplace of discussion, and the policy of 'the Government' in regard thereto the main preoccupation of political discussions.

The problem of the conspirators was, therefore, how to provide the ever-increasing volume of credit required to keep production up—since public opinion would no longer stand for severe depression brought about by shortage of finance—but at the same time prevent the people becoming 'rich' and thereby able to escape that economic control which is the basis of centralised government.

The answer is the Welfare State, augmented by Aid to Underdeveloped Countries, Armament Programmes, Space Research, Exports and Inflation.

The Welfare State, so called, is only necessary (and indeed possible) because the vast majority of people are kept so poor that they are unable to make provision for themselves. In order to grasp in post-war policy the continuation of pre-war policy it is essential to understand this matter. Poor does not mean poor in the sense of lack of material possessions; it means poor in the sense of lack of financial independence. Now since depression in the pre-war sense is politically inexpedient, if not impossible, the progress of the industrial arts makes an expanding production inevitable. But if it can be arranged, as it is, that the 'standard of living' absorbs their total income for the majority, then the minority whose income is significantly greater than their 'cost of living' can be dealt with by Progressive Taxation to maintain the Welfare State, and by inflation.

Even so, the fantastic productivity of modern industry would in due course render even this ingenious conspiracy ineffective. With the majority in continuous employment the lack of financial independence is not widely felt; but continuous expansion and employment of the industrial machine is rendering material progress so obvious that the question must arise sooner or later. Pending more definitive arrangements, therefore, it is essential to the conspiracy against the common man to slow down the distribution of consumer goods. This is achieved by an excess of exports over imports—either in the guise of a 'favourable' balance, or 'aid' to underdeveloped countries; and an excessive production of capital goods at the expense of consumer goods.

The physical effect of the aid and export programmes is, of course, identical—an excess of physical goods leaves the country. But one is 'profitable', and 'essential' to our survival, while the other is 'costly' and therefore a base for further taxation, but of course equally essential, because the Communists say so.

Aid to underdeveloped countries is based on just the same principles as the Welfare State. Just as the 'wealthy' are—nowadays—an insignificant proportion of the population (less than 5 per cent.), so the population of industrialised countries is insignificant as a proportion of the populations of 'underdeveloped' countries. To put the

matter another way: if the production of industrialised countries were to be exported so as to equalise the standard of living all over the world the standard would be at Coolie level.

To see this matter in its correct perspective, it is necessary to understand the nature of civilisation: *Civilisation is an organic process* just as the germinal centre of a fertilised egg spreads out into, and takes over, the yolk and the white, so civilisation spreads out into and takes over the 'under-developed' areas of the world. Now the idea that the yolk and white of mankind can be brought to civilisation by planned 'aid' is just as ridiculous an idea as that an unfertilised egg can produce a normal chicken by following Economic Bulletins issued by the London School of Economics.

Scientists have given the name 'ecology' to the study of the complicated inter-dependence of all forms of organic life. From this study has emerged the realisation that anything but gradual re-adjustment has resulted in the extinction of whole species. And we know from history that complete civilisations have collapsed, and suddenly disappeared (they are now merely the raw material of Archaeology).

Modern industrial civilisation began, roughly speaking, with James Watt's invention of the steam engine. British civilisation—much more integrated and prosperous than we are led to believe—was like an egg awaiting fertilisation. The introduction of non-animal power—the utilisation of energy from coal, oil and hydraulic resources—represented a 'centre of fertility' in the egg of existing civilisation. Now admittedly this expanding process transformed the egg: it became the chicken.

From the point of view of the egg, this transformation was a most unpleasant process. But it was an indigenous transformation: what was inherent in the egg was actualised by a new principle—the replacement of human work by solar-energy.

Colonialism properly considered is an organic transformation of a people in the same way. A nucleus of civilisation is established, and grows and expands. Under modern conceptions, the alleged exploitation of the native peoples is undoubtedly much less than the exploitation of the British in the early stages of the industrial revolution. The result of that exploitation was to equip Great Britain (as she then was) with an immensely productive factory system. But the colonial Power equips *another* country with its industrial system, and from a realistic point of view loses physically on the transaction, even if book-keeping methods show a profit.

If this process were not so widely misunderstood, we should not have the bad conscience which has enabled the propaganda for 'self-determination' to drive us from our colonies, where our net achievements for the native peoples has been magnificent, and leave them either to their collapse and reversion to their tribal ways and wars, or exploitation by a Power more ruthless and determined than ourselves.

The basis of this misunderstanding springs largely from the hypnotic belief in the ultimate importance of a 'fav-

'favourable' balance of trade. A 'favourable' balance is where exports exceed imports. Now supposing a country exported the *whole* of its production, and imported nothing, it is clear that its population would be dead in a week or two. This is obviously an unfavourable condition, however satisfactory the financial position might appear. At what stage between this limiting condition and say balanced trade does the position become 'favourable'?

The apparent necessity for this excess of exports over imports is of course to get 'money'—or, as it is more generally called today, 'foreign exchange'. Before the war, before the money-myth was exploded, it was a simple shortage of money that imposed the necessity to trade 'favourably'; now it is the manipulation of international exchange which keeps us in the same predicament; both situations were contrived by international financiers, because they give them power over nations.

IV.

The programme of aid for underdeveloped countries was first proposed in the book *Teheran; Our Path in War and Peace*, by the American Communist leader, Earl Browder.

It is known, but not publicised, that the Leninist revolution in Russia was financed by the international financial house of Kuhn Loeb and Co. There are many other indications of a connection between International Finance and International Communism, but the fact of the connection is becoming plain to see for anyone who will take the trouble to penetrate the smoke-screen of propaganda which passes as news.

The dollar is almighty because the U.S.A. is at present the temporary headquarters of International Finance; and the U.S. is a big noise in international affairs for the same reason. Now *apparently*, we are faced with the prospect of a Third World War to the death between the U.S.A. and Russia; but as so often in international affairs, in this case appearances are deceptive.

As Douglas Reed has very ably pointed out, the War to Defeat Hitler became during its course a war for very different objectives. Even before the war the originally mysterious and definitely conspiratorial group Political and Economic Planning had proclaimed that its activities were based on the proposition that "only in war or under threat of war would any British government embark on large-scale planning." In September, 1939, Mr. Anthony Eden announced in a broadcast to America that "our new civilisation must be built through a world at war. But our new civilisation will be built just the same." Mr. Roosevelt soon let it be known that (then) Great Britain would have to give up her colonial position; and Mr. Churchill disclosed the shape of things to come when he said that he did not propose to preside over the liquidation of the British Empire. As he was defeated in the next election he was spared that fate.

To what extent, through 'advisers', International Finance directly controls U.S. Foreign Policy is hard to say; but finance is essentially a licence, and it is safe to say that U.S. Foreign Policy is not in conflict with the objectives of International Finance. These objectives are: The dissolution of colonial empires; the promotion of super-

national controls; 'self-determination' for peoples not yet ready for it; and foreign aid.

In his book, *Problems of Leninism*, Stalin laid down quite specifically the strategy of world victory for Communism. Russia, the first country to achieve a 'proletarian' revolution (financed by the Money Power) was to be regarded as the base of operations for world 'proletarian' revolution. It had to be made strong enough to support revolutions elsewhere. The Lenin Institute was to be a sort of university to train subversive agents from all over the world with courses of up to *six years* for the more promising candidates. The 'capitalist' powers were to be made vulnerable by depriving them of raw materials, through the loss of their colonies. Lenin himself had laid it down that the road to Paris lay through Asia and Africa.

The objectives of the U.S., as agents for International Finance, and those of International Communism, are so obviously congruous when set out that they would hardly have any hope of success if they were not camouflaged by the wordy battles between the Kremlin and the State Department, and the much publicised threat of the Third World War.

V.

The test of a hypothesis is its ability to enable accurate fore-casts to be made. Now if an industrial civilisation is worth having, it should lead to a progressive betterment of the human condition: increasing leisure, profounder culture, lessening cause for strife and war. Indeed, before the first world war, that is just what appeared to be in prospect, and even after its conclusion, the defeat of Germany appeared to remove the last possibility of war. Yet in 1918 Major Douglas on the basis of the 'hypothesis' that there existed an intention to establish World Hegemony for Finance (i.e., for those in ultimate control of Finance) fore-cast increasingly troubled times. And as the years went by his predictions became more and more detailed. Today, the objective of establishing World Hegemony is an openly proclaimed objective—World Government, the supremacy of the United Nations, or World Communism. Whatever the name or the form, it will certainly be found that Money Power is its core.

Douglas often remarked that the succession of catastrophes which have befallen and still threaten us, in the face of the genuine progress which the development of the industrial arts makes possible, *can* only be due to one of two things: either progress is a delusion, in which case there is nothing to do but resign ourselves to an evidently horrible and inevitable fate; or the catastrophes are consciously contrived and can be brought to an end by ending the power of those who contrive them.

Nobody can doubt that the Communists work for bloody situations where fatalities are certain: they openly proclaim their intention and justify it by their 'dialectic'. So it remains to determine whether there is a conspiracy deeper still than that of Communism. And the answer is now plain to be seen. It is in the conditions, mainly international now, brought about by financial policy, in which Communism can succeed.

There are those who sincerely believe that World Government, even in the last resort by Communism, would be preferable to the threats and disorders of today. Such a view is defensible only on the hypothesis that our troubles are fortuitous: a hypothesis which in the face of the present evidence is no longer tenable. And in any case, "no cause, no cure." Our last chance lies in facing the fact that there is a ruthless bid for World Hegemony, and in dealing with the conspirators.

A conscious policy of World Hegemony for Finance is not in the least likely to be a benevolent plan for the peace and prosperity of the peoples of the world, if it is prepared to promote world wars and African slaughters to attain its objective. It intends world slavery to satisfy the lust for power of the Chosen Few.

Prosperity and tyranny are incompatible; so it is a fair deduction that prosperity will be abolished ("production for use, not for luxury") when the necessary arrangements to put down discontent have been achieved.

The apparatus for a world-police lies ready for use in the international Communist Party, backed by the Red Army, and events have progressed so far that it now appears a certainty that the ultimate strategy of International Finance is to promote the victory of international Communism. Once the world supremacy of any military or police system is established, names will cease to matter.

VI.

Anyone who can see the plain idiocy of the export racket must surely also see that it is essential to our survival that we cease basing our political economy on the idea of being the Workshop of the World. Genuine trade is fundamentally barter, and anything beyond this is simply an attempt to obtain 'foreign exchange', the creation of the international financiers.

Our first requirement, therefore, is to become independent of 'foreign' exchange. The money we need for our internal economy does not need to be imported, and, in fact, is not imported now.

The first step should be to estimate what our essential import requirements are, bearing in mind that a large part of our present (British) imports are merely the raw materials for further exports, and that others are things we can just as well provide for ourselves, once we have got over the hypnotic belief in the virtue of trade as an end in itself. These necessary imports should then be obtained on the best terms possible.

This course of action would rapidly bring into the open the real situation we are in, and we should soon see whether it is still possible to extricate ourselves, or whether it is already too late. If we do not do this, the end is certain, so that at least we would be backing a chance against a certainty.

At this stage there is no point in attempting to discuss further steps to deal with the further situation which cannot be foreseen, beyond saying that early and massive consideration should be given to our island defences.

THE MISSING MILLIONS

The following letter, originally dated July 7, appeared in *The Canberra Times*, July 28, 1976:

Sir, — In a public address in defence of the existing economic system delivered in Melbourne in 1932 Professor Copland, then Dean of the Faculty of Commerce in the University of Melbourne, quoted J. M. Keynes' logical fallacy: "Let X be equal to the cost of production of all producers. Then X will also be equal to the incomes of the public." This *petitio principii* seems to have come unscathed, at least publicly, through all these years, and appears to be at the root of the current Australian Government's 'attack' on Public Enemy No. 1 — Inflation.

However, reports covering the 24-hour industrial stoppage in Victoria on June 30 stated that the strike cost \$10 million in lost wages, and \$50 million in lost production. Now it is quite evident that \$10 million "incomes of the public" will not purchase \$50 million value of production. It would be an exceptionally brash economist who would claim that the missing \$50 million represented profit. The question is, what does it represent?

All modern industrial economies are deficit finances. In a fairly rapidly expanding economy (as in Australia and elsewhere in the post-war years) the deficit-finance is provided by an expansion of the money-supply through the continuing granting of loans in excess of repayments by the banking system. But there is a limit to industrial expansion, which is indicated by a virtual saturation of consumer-demand for particular categories of production. This condition is now fondly called "stagflation".

This, of course, is where Keynes came to the rescue of other economists. He advocated, and made respectable, government deficit financing (previously Balanced Budgets were a *sine qua non* of Sound Government). The new doctrine was called "pump-priming". And these days economies almost everywhere are dependent on government deficit finance, on an expanding scale.

The purpose of this letter is certainly not to raise an academic point. It is to look at the practical consequences of the situation disclosed. As is becoming obvious to mere inspection, the Australian Government's measures to "fight" inflation are merely intensifying the current economic difficulties, steadily moving towards disaster. In my opinion, certain theoreticians in and behind the Socialist Movement understand this situation thoroughly, and are relying on it to destroy so-called Liberalism and the private Capitalist system — this time forever. Mr Fraser's claim that the Whitlam Government was "mismanaging" the economy was a prescription for his own destruction, probably before the next elections are due, because he is clearly not "managing" any better than Whitlam & Co.

The core of the problem lies in the discrepancy between the incomes of the public and the value of production. The rectification of the problem lies in financing this discrepancy out of existence by accountability procedures. These are a little subtle to grasp; but I should be happy to explain them to anyone who, recognising the economic breakdown, mathematically certain, towards which we are accelerating, is in a position to put them into effect.

I do not consider that this matter is any longer open to argument. I will merely make the prediction, which interested readers can verify in due course by observation, that unless there is a considerable expansion of the money-supply (the expansion from 1964 to 1974 was 161.72% — average 14.77% p.a.), unemployment will rise, and inflation progress. Borrowing from overseas, and/or increasing the export "surplus" are both forms of deficit financing. (And it ought to be obvious to anyone that importing money to buy our own production implies an internal shortage of purchasing-power.)

Merely expanding the money-supply will not cure our troubles, though it would temporarily ameliorate them, while compounding them for the future. But decreasing the money supply, which is the consequence of cuts in government expenditure, will certainly bring the Socialists back to power. And then God save us all, for the Socialists know where they are going. They were, until dismissed from government (though not from advisory positions), propelling this country into an international socialist New Order.

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