

# SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

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## SO NEAR – SO FAR

We feel bound to quote in this issue, with added emphasis, extracts from a very significant article in *The Times* of December 9, 1993 by William Rees-Mogg, a former editor of the paper. Under the title "Why the chips are down for Europe", he encapsulates in a few words two salient features of the global economic scene which chime closely with the Social Credit analysis of current events, but without our insights into them.

"Systems of production shape society and determine the distribution of power", he states. As intelligent machines progressively displace intelligent humans, the distribution of power shifts increasingly to the banks and multinational corporations who finance and control the electronic revolution and away from the workers by hand and brain whose former economic security is undermined.

But while identifying a "universal rejection of the existing order", Lord Rees-Mogg makes no attempt to point to any remedy for the plight of the growing dispossessed.

Similarly, in his reference to the fact that "the greatest job destruction programme in the history of the world is still accelerating", there is no hint of its true significance. Unlike the President of the European Commission, Jacques Delors, he at least refrains from proposing huge new spending of borrowed money by constituent governments on useless "job creation programmes".

Left unstated in his article is this: despite the loss of the output of some 20 million workers, the markets of Europe suffer not from any appreciable shortages of commodities and services for sale, but in fact from gluts of production and from overcapacity.

In agriculture, the Common Agricultural Policy imposes cuts in production to reduce surpluses to more manageable proportions; subsidises exports of cereals; subsidises farmers to "set aside" a proportion of their fields to lie fallow; and spends huge sums in storing surplus produce to keep it off the market or to send it abroad at cut prices.

In the same way, manufactured goods of all kinds sit crammed on the shelves of wholesalers and retailers alike, despite massive advertising and cut-throat competition to dispose of them. Acres of new cars lie unsold in factory car parks while workers are laid off or put on short time to cut production.

Where actual shortages exist, as in housing for the homeless, the physical capacity to remedy the situation is ready to hand but unused only from "shortage of money" to finance rebuilding while the construction industry operates at a fraction of its capacity. The same is true of other infrastructure deficiencies, such as roads, railways and sewers.

It is largely to facilitate the export of goods and services because they are unsaleable at home that the governments of most of the world have spent seven years in the tortuous negotiations of the Uruguay round trying to reach a new agreement on GATT. The claim is that agreement to lower tariffs and other restrictions on world trade will stimulate international business,

make national economies "more competitive" and thus "create jobs". But when Lord Rees-Mogg refers to Europe "adapting" to the "huge swing of wealth and power from Europe and North America to Asia", what is really in prospect is the further undermining of Western standards of living, quality and "job" security by low-paid competition from the developing nations. And this represents a major step towards a global proletariat, subject to the masters of the New World order. The chips are down for Europe indeed, and for the level of life implicit in the phrase "Western civilization".

So let us be quite clear about the real causes of the universal discontent and about the remedies for them. The continuing co-existence of unsaleable surpluses with unsatisfied demand is unacceptable. It is aggravated by continuing technological change which improves productivity while decreasing employment and hence incomes. It is the pragmatic proof of C. H. Douglas's analysis that collective consumer purchasing power is always and inevitably deficient to match total prices of goods and services on sale over an equivalent period of time. This deficiency can only be made good by money in the hands of consumers which does not reach them through the medium of employment; therefore does not need to appear in prices; and is at the same time non-inflationary. In Douglas's own words:—"To summarise the matter, the principles which must govern any reform of the financial system, which will at one and the same time avoid catastrophe and re-orientate world economic policy... are three in number:—

1. That the cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices for consumable goods for sale in that country, and such cash credits shall be cancelled on the purchase of goods for consumption.
2. That the credits required to finance production shall be supplied, not from savings, but be new credits relating to new production.
3. That the distribution of cash credits to individuals shall be progressively less dependent upon employment. That is to say, that the dividend shall progressively displace the wage and salary".

So there is no excuse for ignorance of what really needs to be done to reorientate world economic policy in the interests of its peoples and to rectify its present evils. It is to make progressively available to humankind the fruits of its long – now successful – search for a sufficiency of its material needs and the leisure to enjoy them in peace.

The ways and means are already available. All that is lacking is the political will.

*"But they shall sit every man under his vine and under his fig tree; and none shall make them afraid".*

Micah iv; 4.

The following extracts are from an article in "The Times" of 9 December by William Rees-Mogg entitled:

## WHY THE CHIPS ARE DOWN FOR EUROPE

Almost everywhere in the world, governments are in desperate trouble... Any explanation of this general unpopularity must itself be general. National circumstances are inadequate explanations. *What are the underlying causes of this universal rejection of the existing order?*

Like all important thinkers, Karl Marx mixed ideas which subsequent history has proved mistaken with others that history has validated. The big Marxist idea which seems as valid at the end of the 20th century as it did at the end of the 19th is that *changes in systems of production shape society, and determine the distribution of power*. The first industrial revolution transferred power from the feudal landed aristocracy to the new bourgeois class of professionals and businessmen. The development of mass-production factories established the power of factory workers, whom Marx called the proletariat. The big idea that failed was that the workers of the world would be the ultimate holders of power, and that they could exercise it through the socialist state and state ownership.

The means of production have continued to change. *We now have an electronic information society, in which the need for mass employment in factories and offices is falling*. The symbol of the feudal age was the baron's castle, towering over the peasants' village; the symbol of the bourgeois age was the merchant in his counting house; the symbol of the factory age was the Ford assembly line; the symbol of the information age is the electronic pulse which conveys information from one computer to another. We are only beginning to understand what sort of society this mode of production will produce, but it will be very different and is arriving very fast.

*It looks as though it will be much more egalitarian between nations, but much less egalitarian within them*. The old advantages of the advanced economic countries are being rapidly eroded as the information system transfers technology almost instantaneously.

\* \* \*

Early in these great technological changes, as Professor Joseph Schumpeter observed, there tend to be periods when more jobs are being destroyed in the old system than are being created by the new. It certainly looked that way in the 1930s, and arguably also in the 1870s. It looks like that now. He thought this was an important factor in the long cycle of slumps which has plagued mankind twice a century at least since the Dutch tulip bloom collapsed in 1637. The 1990s are another such decade of world depression, with the growth in the economy of Asia the major counter-vailing force.

\* \* \*

Technological change and market shift are destroying the jobs of millions... The economy no longer needs even its present number of factory workers, or of managers, bureaucrats and other office workers. *The greatest job destruction programme*

*in the history of the world is still accelerating, though it has already raised European unemployment to above 11 per cent, or about 20 million people. There is a huge swing of wealth and power from Europe and North America to Asia.*

\* \* \*

These changes increase the electoral pressure on governments but reduce their power to respond. Protectionist demands are increasing, but you cannot protect yourself from information; you cannot put a tariff on an electronic pulse. Capital is increasingly moving offshore. The information age, at least in its present stage, frees many individuals from the power of the state. *Governments around the world are becoming more and more unpopular because change is accelerating, the employment of whole classes is being destroyed, and they can do nothing to stop it, though they still have some capacity to make the situation worse.*

## FISCAL LABYRINTHS

Our main task in the times ahead will be to pick our way through labyrinths of dissimulation to grasp what goes on in the economy. An example of the challenge is to be found in the *Globe & Mail's* article (15/11) *Who's the boss of the Bank?* "For Bank of Canada governor Mr. Crow, the central bank has the job of making sure that 'the power to spend money should in some way be separate from the power to create money". The impression created is of keeping an alcoholic separated from his bottle.

What is left unsaid is that the creation of money involves summoning it out of the void. It used to be that a million dollars of credit was issued by banks against reserves held at the central bank of perhaps one 20th of that amount. With the phasing out of reserve requirements, a bank can add any amount of government bonds to its portfolio without even showing a penny of its own towards paying for them. Unmentioned, as well, is that with the "creation of money" goes the power to lend it out at interest: Surely that puts the whole question in a different light than just separating the drunk from his drink.

"Seigniorage" was the name given the feudal privilege of levying a tax on the coinage of money. Significantly it derives from the word "lord" since it indicated who was master in the land. In a modern economy money has come to consist almost entirely of credit – mere computer bytes backed by the ability of a **functioning** economy to meet its obligations. Those who can create that credit enjoy a seigniorage income that surpasses by far that of the feudal lord: the greater part of that credit is created entirely on trust, rather than as a surcharge on the costs of producing a coin.

A modern government – no matter what its ideology – is charged with massive responsibilities to provide public services

without which our world could not function. Separating that spending from the substantial "seigniorage" income involved in creating credit money for its own needs is a sure source of putting it in deficit. That is particularly so when the central bank adopts as its main goal keeping prices flat by raising the interest rates. Then the government not only finds itself deprived of its "seigniorage", but is bled white paying the seigniorage of those who have usurped it in an economy they have deflated.

What is even more alarming is the evidence piling up that the self-appointed temperance officers have hit the bottle.

In their defence it must be said that the temptation put before them was overpowering. Not only was the central bank not content to keep a sharp control on money creation, but had farmed out more and more of the job to the private banks. There is a serious difference in the two arrangements. When the central bank buys government bonds the interest paid on them by the government goes back to it since the government is the bank's only shareholder. When the chartered banks buy the bonds they keep the interest on the bonds. Then all this was part of a big ideological push to free banks progressively from all regulation. The result has been that the patient diagnosed for alcoholism has ended up repeatedly dragging the temperance official out of the gutter in a drunken torpor.

– From an article in *Economic Reform* (Dec 93) published by Comer Publications, 3284 Yonge St., Suite 500, Toronto.

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## MISS MARJORIE DOUGLAS

We much regret to report the loss of our last family link with Major C. H. Douglas. Miss Marjorie Douglas, his only child, died peacefully on 27th November 1993 at Aberfeldy, Perthshire, in her 89th year.

The funeral service was held on 3rd December at Kenmore Church, near her home at Fearnan, Loch Tay, followed by cremation at Perth. The graves of Major and Mrs C. H. Douglas lie in the churchyard at Kenmore.

The mourners were led by her two adopted daughters, Miss Elizabeth Douglas and Mrs Alison Douglas-Burge and her husband Paul, her godson Major Robert Blackburn, and her close friend and neighbour, Mrs Audrey Fforde. They were joined by many of her large circle of friends, and by the Chairman and representatives of the Social Credit Secretariat.

## MR HARRY SCOULAR

It is with much regret that we report the death of Mr Harry Scoular at Hornsby, New South Wales, on 16th December 1993.

During a long association with the Social Credit movement starting in the depression years, he was editor of The Information Sheet which later became the Australian Social Crediter. When the Social Credit Secretariat was transferred to Australia under the chairmanship of Dr. Bryan W. Monahan, Harry Scoular acted as editor and secretary. He also formed Tidal Publications to publish and distribute Social Credit literature and other books.

When Dr. Monahan died in November 1981, Mr Scoular succeeded him as Chairman until 1985, and continued in his former offices while also managing the affairs of Tidal Publications. He was a truly great supporter of Social Credit and all the legacy that Douglas left to those who followed him.

## RECOMMENDED READING

<b>Douglas, C. H.</b>	The Brief for the Prosecution. The Development of World Dominion. Economic Democracy. The Monopoly of Credit. The Policy of a Philosophy. Social Credit.
<b>Maré, Eric de</b>	A Matter of Life or Debt.
<b>Monahan, Bryan W.</b>	Why I am a Social Crediter.
<b>Robertson, Thomas</b>	Human Ecology.
<b>Social Credit Secretariat</b>	Elements of Social Credit.

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## BANKERS' WILL

*"The issue which has swept down the centuries, and which will have to be fought sooner or later, is The People versus The Banks"*

Lord Acton, Chief Justice of England, 1875

**In our present-day social and economic affairs, nothing is less defensible than that the bankers should maintain a monopoly of credit in face of all the strains and imbalances it causes; the irredeemable debt, the concomitant inflation, the insatiable lust for growth, the massive concentration of financial and industrial power in few and fewer hands, the reckless exploitation of finite resources, the everlasting tension and disruption, the inequitable distribution of the world's riches.**

**It will go on for as long as the initial abuse goes on – for so long as humanity is misled into tinkering with effects** rather than dealing with causes; into treating the symptoms instead of diagnosing and prescribing for the disease. Much of the current world unrest is caused by the ongoing obsession with large and larger units; continental free trade areas; political and monetary unions; the division of the planet into massive spheres of economic influence; all with a ring of destiny about it as though it were God's inalterable plan for the greater good and happiness of mankind.

We know from our study of *Global Reach*\* that it is nothing of the kind; that the financial oligarchs see the creation of those sprawling federations as stepping stones to an eventual global government with them in complete control; whilst Cosmocorp aspires to a world without frontiers, so that there will be neither social nor political imperatives to hinder its exploitation of the planet's resources.

A Monster has been created... and much of its awesome power and patronage has accrued within our own lifetimes. It commands the financial markets, and through its control of the communications media, writes the headlines, monitors the news, guides and manipulates public opinion. It makes and breaks companies and corporations, dictates the policies of presidents and prime ministers, threatens ruin and social martyrdom to all who stand in its path.

The motive power of the Monster is credit – unlimited supplies of credit – manufactured for it at will by the institutions which the overlords have created. It may seem strange that such a tiny device can be the means by which the world is held to ransom, but that is the crux of the matter, and... we have the word of eminent bankers to confirm it.

Reginald McKenna, when Chairman of the Midland Bank, once remarked that "they who control the credit of a nation direct the policy of governments". And Philip Benson, a former president of the American Bankers Association, is on record as having revealed (June 1939) that "there is no more direct way to capture control of a nation than through its credit money system"...

Though we may pride ourselves on having marshalled the facts and the arguments for easy comparison and assimilation, there is very little in this volume which will not already have been said and written a thousand times elsewhere. The issue of government credit – as opposed to onerous state borrowing – has been canvassed at various levels of activity and commitment throughout this current century. The Rt. Hon. Thomas Johnston, one-time Secretary of State for Scotland, was promoting it as a remedy for the 1930's depression in *The Financiers and the*

*Nation* (Methuen, London, 1934). The Social Credit principles of Major C. H. Douglas have it as a basis for their operation that the nation's wealth of skills and resources should be the backing for all new credit creation required to run the country... The Commonwealth Bank of Australia under its first governor, Sir Dennison Miller, functioned as a government credit institution...

There are active monetary reform organisations in USA and all the countries of the old white commonwealth... There are powerful voices being raised against the debt-money system throughout the Islamic world, where the Koran forbids the practice of usury; men of good faith on both sides of the religious divide can come together to make common cause on this issue without diminishing their separate beliefs. Now that the evils of unbridled banking power are manifesting themselves across the face of the planet, nothing can sustain its continued progress except a lack of public awareness...

In democratic societies there are still occasions when the people's will is paramount. If enough people can get mad enough at one time upon a single recognisable iniquity, they can change things. It has often been said that all that is needed for the triumph of evil is that good men should do nothing. But as a corollary to this, C. H. Douglas issued the sombre warning that evil will always triumph over good as it knows its tools better. That, unfortunately, has been the sticking point in Lord Acton's historic contest of *The Bankers v. The People*. The financial oligarchs and their surrogates not only know their own tools better; they are also more proficient with everyone else's.

Let us be aware that in the banking monopoly we are up against an imposition which is so unjust, so antisocial, so utterly at variance with the economic freedoms to which an emancipated humanity has long aspired, that it could scarcely survive any form of sustained public challenge... We know what has to be done... It is a simple procedural matter which need not cause convulsions in either banking or the market place. But without their monopoly of credit, the bankers would be like Samson when shorn of his hair...

It remains as always a problem of public awareness, and the preservation of our pattern of nation states, each with its separate cultures and its constitutional freedoms under democratic law. The oligarchs oppose this. They plan for large federal bureaucracies dominated by centralised banking and financial control, all as envisaged by the Delors Report on Political and Monetary Union for the continent of Europe.

There will be no true sovereignty while governments continue borrowing; no true independence without financial independence. But while a semblance of political sovereignty remains, so too remains the prospect that people will awaken in time to the potential horrors of what is in store.

The People! Even in 1879 an aristocratic Lord Acton put his final trust in the people. A people fully informed, and properly outraged at the manner of their deception. Banking power is awesome power. Many who see it at close range may conclude that banking power is total power. But as a Scottish philosopher wrote two centuries ago, "governors (even the most despotic) have nothing to support them but opinion", and that opinion devolves upon the consent of the governed.

Just let the truth be known!

[Extracted from *Hidden Menace to World Peace* by James Gibb Stuart].

\**Global Reach (The Power of the Multinational Corporations)*, by Richard J. Barnett and Ronald E. Muller. Jonathan Cape Ltd., London.