

THE SOCIAL CREDITER

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There is no proletariat movement, not even a communist one, which does not operate in the interest of Money - and all this without the idealist in the ranks having the slightest suspicion of the fact.

Oswald Spengler, *Decline of the West*, 1920.

When Servant Turns Master

THE January 1993 *The Social Crediter* briefly summarised the position of the Secretariat on Maastricht. The core issue is clearly the diminution of Westminster's powers and responsibilities (and hence of the individual MP) for the sake of increasing the powers of government by remote control.

At the heart of this problem is the fundamental issue of the eventual control over the British and the European monetary system. Under the present system, the creation and cancellation of money (credit) bears no direct or necessary relationship to the production and consumption of the real wealth it is supposed to represent. Money comes into existence only as debt owed to the banks licensed to create it. They claim the ownership of it - quite unjustifiably, because its value derives solely from the capacity of society as a whole to generate the real wealth to back it.

The result is that everyone, directly or indirectly, including governments, is hopelessly in debt to the banking system. Servicing the UK National Debt, for example, costs UK taxpayers the equivalent of 8p out of the standard rate of income tax, nearly as much as the budgets for Defence or Education. This burden will increase as the PSBR rises. We are all only too familiar with the depressing effects on the economy - recession, irredeemable debt, high taxation, bankruptcies and unemployment.

The cardinal facts about credit/debt creation are incontestable and are no longer seriously questioned. They are authenticated in the short selection of quotations from orthodox sources in the May/June 1992 number of *The Social Crediter*. The essential truth is that money is thus perverted from being a useful and necessary servant of the economy to being its master. The central bankers who control monetary policy are thus placed in supreme control, even over elected governments. Witness the 'independent' Bundesbank and its differences with the German government.

The European Central bank as presently proposed will therefore consolidate the illegitimate power of bankers to determine policy and, being independent, will be wholly unaccountable in practice, though possibly not in theory to a European Parliament powerless to control it. The parallel drawn with the Federal Reserve Board in the USA is relevant. The Fed, despite its name, is not of course an agency of the US government but is a cartel of private banks. US

government debt, predominantly to the banks, now exceeds \$3 trillion and is proving an intolerable burden on the US economy.

There is indeed a perfect case for a controlling monetary authority to be independent *provided only* that the monetary system itself were first reformed to ensure it accurately reflected the physical realities of the economy, actual and potential, instead of distorting them as now. Whatever was physically possible and socially desirable would then be financially possible. Creation and cancellation of credit would be directly related to the production and consumption of real wealth as indicated by the GDP. But without such reform, present policies for an independent Bank of England and an independent European Central Bank will merely rivet the shackles of international finance ever more firmly on the peoples and governments of Europe, to their unending misery.

TSC

Donald Neale

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Picking The Locks of

by Jac

"In every cry of every Man
In every Infant's cry of fear
In every voice, in every ban
The mind-forg'd manacles I hear."

- William Blake ('London')

SIR James Goldsmith's book, *The Trap*, was published in French in 1993, by Macmillan in hard back (£18) in 1994 and now in soft back (£7.99) - ISBN 0 333 64224 4. It is an expanded version of a lecture delivered at the Sorbonne in 1992 to an audience of two thousand, mainly post-graduate students. Since then Sir James has emerged upon the European political scene as a key promoter of - and as one of thirteen French MEPs representing - the newly-formed L'Autre Europe Party, dedicated to the repeal of palpably retrogressive terms in the Treaty on European Union (Maastricht). *The Trap* is presented as Sir James' responses to questions posed by Yves Messarovitch, Economics Editor of *Le Figaro*. The text is supported by an impressive 170 Notes and References.

The philosophical basis of the case Sir James develops is that the dilemmas facing modern society stem from the Enlightenment, the influence of which dominates received wisdom in the West. This has caused a ruinous inversion of values. Increased scientific knowledge and new technologies have been geared to the mistaken ideal of economic growth as the principal measure of national success. But Gross National Product (GNP) only takes account of formal activities which give rise to monetary transactions. Many elements of social well-being derive from non-commercial pursuits. Furthermore, formal activities can be of a positive and negative nature. GNP computes them as being of equal social worth.

Collectively, we in the West are impugned for having convinced ourselves that maximum growth is the only valid economic and social model. By attempting to impose it universally, we are accused of exporting to every corner of the world our diseases: crime, drugs, alcoholism, family breakdown, civil disorder in the urban slums and accelerated abuse of the environment. Three 'pure products of the Enlightenment' which we are said to venerate - but which are ill-conceived modern economic tools - are: global free trade, intensive agriculture and nuclear energy.

David Ricardo is named as the principal theoretician of free trade. Two of his concepts are interrelated: specialization and comparative advantage. Both are enshrined in the General Agreement on Tariffs and Trade (GATT), but have been invalidated by such new factors as instantaneous transfer of technology by microchip to anywhere in the world, free movement of capital investment to wherever the yield might be highest, and a recent surge in the availability of low-cost labour in direct competition with the work forces of developed countries. Faced with probable bankruptcy if

they retain high-cost labour at their home bases, Western companies are being compelled to move offshore. Several multi-nationals are cited as having already taken this course at production and administrative levels.

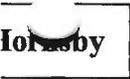
Sir James displays a reassuring degree of realism in dismissing the proposition that Western consumers will be amply compensated by access to cheap imports. For those in the West still in employment, wage levels will be depressed by the low-cost overseas pressures, exacerbated by tax increases to meet the social cost of mounting unemployment. Cognizance is taken of the fact that in those high-tech industries which remain viable 'labour is a minor item in the overall cost of the product'. Sir James anticipates that the number of people employed to produce, annually, one billion dollars' worth of high-tech products in the developed nations could be under one thousand, but, perversely, contends that paid employment is the essential basis for an individual's full participation in society. One conclusion drawn is that the effect of global competition, stimulated by GATT, is to impoverish and destabilize the industrial world, while disrupting the social structures of the Third World.

He warns: 'Transnational corporations now account for one-third of global output; their global annual sales have reached 4.8 trillion dollars, which is greater than total international trade. The largest 100 multinational corporations control one-third of all foreign direct investment. The globalization of the market is vital to them, both to produce cheaply and sell universally. Because they do not necessarily owe allegiance to the countries where they operate, there is a divorce between their interests and those of society.'

'The World Trade Organisation is supposed to replace GATT, regulate international trade, and lead us to global economic integration. It is yet another international bureaucracy whose functionaries will be largely autonomous. They report to over 120 nations and therefore, in practice, to nobody. Each nation will have one vote out of 120. Thus America and every European nation will be handing over ultimate control of its economy to an unelected, uncontrolled, group of international bureaucrats.'

Having rejected the concept of global free trade, Sir James' alternative is regional free trade. Nations with economies similar in development and wage structure would form blocs, making bilateral agreements with other groupings if it were deemed mutually advantageous. He favours the free movement of capital being retained. But a Japanese or European firm wishing to sell its products in, say, North America, would be required to build its factory there and use indigenous labour, and vice versa. Specialization is also repudiated. A healthy economy is envisaged as

Mind-Forg'd Manacles



being built like a pyramid, with large corporations at the peak and a diversity of small enterprises at the base.

Apprehension is expressed about the aim of European Union as a supranational, centralised, bureaucratic state - a homogenized union in which national identities would be fused and sovereignty abandoned. Sir James believes that the final stage has been built in secret, not through carelessness or casualness, but in a deliberately planned and skilfully executed manner, the promoters only blunder being that they have failed to inhibit public debate about its likely consequences. He fears that their arrogant belief that the *nomenklatura* knows best, and that the public is no more than a hindrance to progress, has produced a profound and dangerous divorce between European societies and their governing elites. But whether, as Sir James implies, the European Commission has only recently been granted the monopoly right to propose new initiatives for the further development of a supranational state, is hardly confirmed by the historical record. For example, as early as 1968, Professor Walter Hallstein, when president of the Commission, could boast: 'The central element in the Community's constitution - and at the same time its most original feature - is the relationship between the Council which, composed of Ministers of the member governments, makes legislative decisions, and the Commission which has the sole power to initiate legislation. If a united policy for a given sphere is to be worked out and implemented, the Commission - the Community body *par excellence* - must dispose of a measure of political momentum . . . These institutions naturally deal with politics. They make agricultural, customs, commercial, transport, economic and monetary policies. Whenever it is economically necessary, they establish a legal order that applies in all member states . . . Unification is not confined to individual sectors of the public life of Europeans but aims at a new ordering of all political power in Europe . . .'

A slim chapter on Rethinking the Welfare State suggests sensible reforms in Health and Education, but the former are too modest in scope to impinge upon alarming developments in intensive agriculture. Sir James' comprehensive treatment of this theme in the section on modern Agriculture and the Destruction of Society is extremely arresting. Issues covered are: soil erosion, water pollution, loss of genetic diversity, denatured food and genetic engineering. Evidence is adduced to show that, relative to traditional methods, intensive agriculture is only more productive in terms of labour, yielding lesser returns from output per acre, units of energy expended and capital input. The social consequences of its universal adoption will cause further destabilization of rural populations the world over, driven to subsist as an alienated underclass in

megacities, the infrastructures of which will be grossly overstretched.

In the penultimate chapter, Nuclear Energy, The Big Lie, a strong case is developed in vindication of the title with no fewer than seventy Notes and References for concerned individuals wishing to pursue this line of inquiry. Ample grounds for optimism are provided in terms of safer alternative sources of energy and spectacular savings in its use.

Due to his rigorous handling of such issues, it seems that the French edition of *The Trap* has alerted that electorate. The individualistic stance adopted, combined with lively presentation, makes it eminently readable. It embodies sufficient of substance to have effected a fairly marked change in political attitudes.

In the final chapter, re-emphasising that the legacy of the Enlightenment is the fundamental cause of humanity's woes, Sir James identifies René Descartes as the pivotal philosopher of modernity, one of the would-be 'masters and possessors of nature', but without offering a shred of factual evidence he denigrates Francis Bacon as the English Enlightenment thinker whose principles leave science free to exploit nature without any moral inhibitions.

In contrast, C.H. Douglas, although conceding that 'Francis Bacon, Earl of Verulam, may not have been the first man to apprehend our danger', considered that 'his emphasis upon the necessity of restoring or cultivating a just relationship between the mind and things strikes a pure note of consciousness which establishes it as an authentic scripture'.

These brief excerpts from Bacon's Aphorisms in *Novum Organum* seem to validate that tribute: 'Nature to be commanded must be obeyed . . . Towards the effecting of works, all that man can do is to put together or put asunder natural bodies. The rest is done by nature working within . . . There is a great difference between the idols (i.e., illusions and false appearances) of the human mind and the ideas of the divine. That is to say, between certain empty dogmas, and the true signatures and marks set upon the works of creation as they are found in nature . . . the subtlety of nature is greater many times over than the subtlety of argument. But axioms duly and orderly formed from particulars easily discover the way to new particulars, and thus render sciences active . . . the comparison I challenge is not of wits and faculties, but of ways and methods, and the part I take upon myself is not that of judge, but of a guide.'

Sir James offers a fine quotation by the Christian philosopher, Dr René Dubos, as a perfect expression of the correct attitude to nature: 'We must take to heart the Biblical teaching; the Lord God took man and put him in the Garden of Eden to dress and to tend it. This means not only that the earth has been given to us for

our enjoyment, but also that it has been entrusted to our care. Technologized societies thus far have exploited the earth: we must reverse that trend and learn to take care of it with love.'

Bacon, allegedly the unrestrained exploiter of nature, in the opening sentences of his dissertation on Gardens, mirrors Dubos' sentiment:

GOD Almightye first Planted a Garden. And indeed, it is the Purest of Humane pleasure. It is the Greatest Refreshment to the Spirits of Man; Without which *Buildings* and *Pallaces* are but Grosse Handy-works: And a Man shall euer see, that when Ages grow to Ciuility and Elegancie, Men come to *Build Stately*, sooner then to *Garden Finely*: As if *Gardening* were the greater Perfection. I doe hold it, in the Royall Ordering of *Gardens*, there ought to be *Gardens*, for all the *Moneths* in the Yeare: In which, seuerally, Things of Beautie, may be then in Season.

Whilst there can be appreciation of Sir James' current initiatives in the political and literary fields, this must be tempered by some considerations.

Although the bombast of such as Professor Hallstein, quoted above, might give the impression that bureaucrats in highly-centralised structures wield excessive power, Sir James is mistaken in thinking that they act autonomously. Their function is to implement the long-term policies of those personages who, according to Benjamin Disraeli's candid testimony, govern the world from behind the scenes. The dominant mechanism through which they operate is the global financial system. Decades before the symptoms of social malfunction were as pronounced as at present, acute observers were aware that, in the final resort, our predicament had arisen, not from such causes as general acceptance of the philosophical legacy of the Enlightenment, but from the existence of two interlocking factors: (a) mounting and irredeemable debt, due to technical flaws which can be readily corrected; and (b) the mesmeric effect which monetary symbols exert over humanity's fears and aspirations, a psychological condition which can only be neutralised by therapeutic measures.

Unfortunately, the origins and nature of money were omitted from Sir James' analysis. This very serious omission means that his, at times, brilliant diagnosis of society's ills isn't matched by the proffered solutions.

An American engineer, Theodore Thoren, in devastatingly simple terms has recently made good that omission: 'The money-creating process begins when a central bank writes a good, unbounceable cheque *against no funds* (our emphasis) and purchases something. That 'something' is usually a government bond which adds new money to the money system. This money is then used by commercial banks as a base for creating more debt money.' (Usually, approximately a ten-fold increase).

'Now note: All the money created this way is created as a loan. The money needed to pay interest on the aggregate principal does not exist. Therefore, it is

mathematically impossible ever to pay off the aggregate loan plus the aggregate interest. In a system based on the creation of money as debt, the amount of debt in the system always far exceeds the existing money to pay it off.'

If one ignores the Marxist slant, since the malady affects every level of society, Nicolas Berdyaev, in *Slavery and Freedom*, focuses attention on the mesmeric effect of monetary symbols: 'The bourgeois has an insurmountable tendency to create a world of fancy which enslaves man, and causes the disintegration of the world of true realities. The bourgeois' most fantastic creation, the most unreal, the most uncanny and horrible in its reality - is the kingdom of money. And this kingdom of money in which all real substance disappears, possesses a terrible power, holds a terrible sway over human life, sets up governments and overthrows them, makes wars, enslaves the labouring masses, gives rise to unemployment and destitution, renders the life of people who are successful in this kingdom more and more fantastic . . . Money is a mystery, there is something mystic in the power of money.'

If, on reflection, Sir James became convinced of the relevance to our dilemmas of the above two interlocking factors, his experience in the financial realm, combined with his proven persuasive powers, would uniquely qualify him to initiate measures which may overcome the seemingly insurmountable barriers to emancipation others have encountered in all strata of society. These blockages have, to date, frustrated all attempts to introduce technical adjustments to the global financial mechanisms and related cost accounting practices which, if accomplished, would liberate humanity from the prevailing universal debt-bondage, allowing the progressive easement of past errors, with, thereafter, the likelihood of a relatively harmonious evolution of society.

"Thus out of threatened chaos might the Dawn break; a Dawn which at the best must show the ravages of storm, but which holds clear for all to see the promise of a better day"

(C.H. Douglas, 'Economic Democracy').

RECOMMENDED READING

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| Burkitt, B. & Baimbridge, M. | What 1992 Really Means: Single Market or Double Cross |
| Douglas, C.H. | The Brief for the Prosecution The Development of World Dominion Economic Democracy The Monopoly of Credit The Policy of a Philosophy Social Credit |
| Eringer, R. | The Global Manipulators |
| Maré, Eric de | A matter of Life or Debt |
| Monahan, Bryan W. | The Moving Storm The Survival of Britain Why I am a Social Creditor |
| Robertson, Thomas | Human Ecology |
| Social Credit Secretariat | Elements of Social Credit |
| Tether, C. Gordon | The Great Common Market Fraud |