

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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### A SOCIAL CREDIT PERSPECTIVE \*

The new (15th) edition of the *Encyclopaedia Britannica* (1974) is divided into two main sections: the *Micropaedia* of ten volumes, of Ready Reference and the Index, and the *Macropaedia* of nineteen volumes. Under the heading Douglas, Clifford Hugh (1879–1952) in the *Micropaedia* is the information “British economist and founder of Social Credit”. The only reference in the *Macropaedia* is: “Ezra Pound’s absorption with economics”, and in this article Social Credit is stated to be “an economic theory stating that maldistribution of wealth due to insufficient purchasing power is the cause of economic depressions”.

C.H. Douglas was educated to be an engineer. Of all disciplines, engineering is the most firmly grounded in reality. It deals in the most practical way with the so-called “Laws of Nature”. So it is quite wrong to describe Douglas as an economist. He can best be characterised as a realist — as one possessing the sense of reality, the perception and comprehension of what underlies appearance.

Contemporary society is so pervasive that it is not a datum of consciousness that the Age in which we live is a mere 200 years old. It began with what is now called the Industrial Revolution. That is a bad term, for what that beginning was was the birth of a new Age, the result of the gestation of a cross fertilisation of new discoveries and an old culture and social order. That birth carried the potential of a new effloration of the human spirit — a promise, to the far-sighted, of the amelioration of the lot of the common man — the exorcism, as it were, of the Curse of Adam. What happened to that promise?

In his first book, *Economic Democracy* (1919), Douglas noted “the poverty and degradation which shoulder the very doors of the rich . . . from every quarter come the unmistakable signs of crumbling institutions and discredited formulae, while the widespread nature of the general unrest, together with the immense range of pretext alleged for it, is a clear indication that a general rearrangement is imminent”.

What had gone wrong? It was as if a mansion of magnificent proportions collapsed while still in the building.

With his engineer’s perception of cause and effect, Douglas identified Will-to Power as a force in society operating against the individual’s interest in self-development, and he stated the basis for a viable reconstruction of society:

“It is suggested that the primary requisite is to obtain in the readjustment of the economic and political structure such control of initiative that by its exercise every individual can avail himself of the benefits of science and mechanism; that by their aid he is placed in such a position of advantage, that in common with his fellows he can choose, with increasing freedom and complete independence, whether he will or will not assist in any project which may be placed before him”.

Quite the contrary of this developed. Proceeding largely from Germany, “a policy of the forging of a social, industrial and polit-

ical organisation to concentrate control of policy while making effective revolt completely impossible, and leaving its originators and successors in possession of complete power” was implemented. And despite the ruination it inflicted on Germany *via* the First World War, “every indication points to the imminence of a determined effort to transfer and adopt the policy of central or, more correctly, pyramid control from the nation it has ruined to others, so far more fortunate”.

Now this is certainly not “economics” as this word is generally understood. It can be called “political” in the sense that it is an analysis and specification of alternative policies confronting society: (1) That the evolution of the industrial arts should be directed towards the emancipation of the individual; or (2) that industrial organisation should be utilised as a system of government directed towards a fixed ideal of what the world ought to be.

It was apparent to Douglas in 1918 that in fact the second alternative, whether consciously or unconsciously, was being followed, and this led him to an examination and analysis of the mechanism of implementation and control. He considered the physical factors involved, utilising concepts developed in the discipline of physics — for example: conversion of materials from one form to another, rate of doing work, time-energy units, sources of energy, wastage, physical efficiency; and psychological factors such as: will-to power, social discontent, human satisfaction, sabotage, freedom of association and co-operation, legalism, distribution of property, social conventions, national culture and tradition.

In the course of this examination it became clear that money and cost-accountancy were of crucial importance: and time. It is time that gives dynamism to the economic system.

*Economic Democracy* is certainly not an economic theory or treatise. It is more in the nature of an engineer’s report on a mechanism which is not operating satisfactorily from a community point-of view; even more, that it is functioning dangerously — so dangerously as to bring about the destruction of the then existing civilisation if not rectified. This, it should be noted, was before the Great Depression and the Second World War; and today we are threatened with total world government — the acme of pyramidal control — or atomic annihilation.

Yet, as any competent report should, *Economic Democracy* makes recommendations as to alterations in design to secure the necessary rectification. And the fundamental recommendation is simply an inversion of design. Instead of planning from the top down, subordinating the individual to the system — a planned society — society should evolve from the bottom up.

\* By B. W. Monahan, originally published in *T.S.C.*, Nov. — Dec., 1978.

*Economic Democracy* is objective and dispassionate. But since motivation is a prime force in society, Douglas had to report that "...every indication points to the imminence of a determined effort ... to adopt the policy ... of pyramid control..."

The book on its publication roused considerable interest and provoked correspondence in the daily and other Press. But suddenly the subject was virtually banned. In 1918 — sixty years, two generations, ago — the public generally, including the great majority of those engaged in the practice of banking, were in complete ignorance of the nature of money. Money was regarded as a commodity, basically gold, most of which was stored for safe keeping in banks, which loaned some of it, mainly to producing organisations to enable expansion of their activities. This conception, though not so nearly absolutely wide-spread today, is still wide-spread and both governments and certificated economists and financial commentators tacitly support it. The fact is that approximately 99 per cent. of what is regarded as money (i.e. cash in the pocket or on deposit in banks) is bank credit; that is to say, is owed *in toto* to the banking system.

This vital matter was not explicitly emphasised in *Economic Democracy* (it was dealt with definitively in *The Monopoly of Credit* published in 1931). It means, of course, that the total *real* assets of the community are mortgaged to the banking system; and that in turn means that control of financial policy is the effective government of the community. The visible government is essentially the administrator of a policy imposed from the top down, epitomised in the over-riding policy of compulsory employment ("Full Employment") despite technological miracles.

*"Considered as a means of making people work (an aim which is common both to the Capitalist and Socialist Party Politics) the existing financial system, as a system, is probably nearly perfect.*

"Its banking system, methods of taxation and accountancy counter every development of applied science, organisation, and machinery, so that the individual, instead of obtaining the benefit of these advances in the form of a higher civilisation and greater leisure, is merely enabled to do more work. Every other factor in the situation is ultimately sacrificed to this end of providing him with work, and at this moment the world in general, and Europe in particular, is undoubtedly settling down to a policy of intensive production for export, which must quite inevitably result in a world cataclysm, urged thereto by what is known as the Unemployment Problem.

"To blame the present financial system for failing to provide employment is most unfair; if left alone it will continue to provide employment in the face of all scientific progress, even at the cost of a universal world-war, in which not only all possible production would be destroyed, but such remnants of the world's population as are left will probably be reduced to the meagre production of the Middle Ages.

*"Considered as a mechanism for distributing goods, however, the existing financial system is radically defective. In the first place, it does not provide enough purchasing-power to buy the goods which are produced.*

"I do not wish to enter at any great length into the analysis of why this is so, because it is always a matter of some heated controversy. I have, however, no hesitation whatever in asserting not only that it is so, but that the fact that it is so is the central fact of the existing economic system, and that *unless it is dealt with no other reforms are of any use whatever.*" — C.H. Douglas (1924)

The virtual boycott, so far as possible, of the public discussion of the subject matter of *Economic Democracy* was evidence that the operation of the financial system and its results were not due

to ignorance of its true nature by those at the apex of the pyramid of power, but was the conscious pursuit of the consolidation and perpetuation of that power which Douglas's proposals threatened to destroy.

In a series of books, articles and addresses following *Economic Democracy* Douglas elaborated his analysis of the actual operation of the financial system, and its relationship to the industrial system and taxation. He showed that national finance was controlled by Central banks, which were integrated into an international system, culminating in the Bank of International Settlements — the Central bank for Central Banks. That system over a period of time shifted its headquarters, from European centres to London, and then to New York following the First World War which transformed Great Britain from a creditor to a debtor nation, and enabled New York to control British internal policies.

But the establishment of the International Monetary Fund, World Bank, etc. as a result of the Second World War, or World War Part II, being in effect the continuation of World War I, makes the Headquarters supranational, wherever situated. In consequence, the "almighty" dollar can be allowed (or be made) to decline, as happened to sterling. This is a clear indication that the U.S.A. is not billed, as a nation, to rule the world as World Government.

The central feature of the operation of the financial system in an industrialised country is that it does not distribute sufficient purchasing-power to purchase the consumers' goods output. That is to say, a year's income cannot purchase a year's production; and this discrepancy is progressive. This gives rise to competition for export markets — trade war (by means of tariffs, etc.), the proximate cause of military conflict. A surplus of exports over imports, the difference being balanced by the import of "money", is of course an expedient to overcome the internal deficiency of purchasing-power. As an end in itself it is a ridiculous policy — an unfavourable exchange of *goods*. What would happen if a country exported its total production and imported nothing but "money"?

In *Economic Democracy* Douglas predicted the breakdown of the finance-industrial system; and this of course came with the Great Depression of 1929, which was only terminated by preparation for war, by war itself, and after the war by the period of post-war reconstruction: a period now come to an end with another breakdown of the industrial system, now in evidence.

The unfolding of events over the years from 1918 revealed a new perspective for Social Credit. It became clear that it was not the *fact* of a defective financial system that lay at the root of our troubles. It was the deliberate *persistence* in the system.

In 1935 a Social Credit Party was elected in Alberta, Canada, with the largest majority ever obtained by a Provincial Government. Every Act passed to institute reform based on Social Credit principles was disallowed by Federal authorities. Of this Douglas wrote: "Mr. Aberhart's Government has demonstrated, by forcing nominees of the Money Power to disallow his legislation, that 'economic determinism' is a mechanism of political intention. The Money Power does not, and never did, wish to improve the money system — its consequences in war, sabotage and social friction are exactly what is desired".

The League of Nations was the first attempt to set up an overt World Government with the ultimate aim of abolishing *national* sovereignties. The U.S.A. had been manoeuvred into the Great War by President Wilson — but Wilson was surrounded by a group of international financiers and others including, notably, Colonel E.M. House who completely dominated Wilson and who largely master-minded the setting up of the Federal Reserve Board, cen-

tralisising all control of the U.S. financial system. The objective of the manoeuvring was to have, as the nominal financial beneficiary of the war, a predominant voice in the peace negotiations at the Paris Peace Conference opening in Paris in 1919. These clearly would shape the post-war world; and in retrospect, and in the light of much since-published material, it is clear that the objective of the war was to provide the opportunity for such a shaping. And also in retrospect, the post-war period can be seen as a preparatory period for the resumption of war on an even larger scale.

At or round about the Peace Conference, a secretive group, originally formed by Cecil Rhodes with ideals of One World Government, and known as The Round Table, founded the Royal Institute of International Affairs. In an address, published in the Institute's journal *International Affairs*, Nov. 1931, Arnold Toynbee, the Director of Studies of the Institute stated that "we" were carrying on "a deliberate, sustained and concentrated effort to impose limitations on the sovereignty and independence of the fifty or sixty local sovereign states"; and "All the time we are denying with our lips what we are doing with our hands."

A parallel, and interlocking organisation, the Council on Foreign Relations (CFR) was established in the U.S.A., and rapidly became the effective government of the U.S. The Carter Administration in all essential posts is staffed by CFR members (or Tri-lateral Commission — a subsidiary organisation — Members); they occupy over forty key positions, and the majority of these held similar positions in the Nixon Administration.

In *Harpers* magazine for July 1958 there was published an article by Joseph Kraft. Kraft (a CFR member) revealed that E.M. House was one of the chief architects of the CFR, and boasted of how the Council had succeeded in penetrating the Executive branch of the Federal Government even before World War II. He wrote:

"With the coming of hostilities, the Council's assembled pool of talent and information came into sudden and dramatic play. Stimson went to Washington as Secretary of War, taking with him the small nucleus of men, many unknown then, who were to found this country's modern defense establishment. "Whenever we needed a man,' John McCloy, the present Council chairman who served Stimson as personnel chief, recalls, 'we thumbed through the roll of Council members and put through a call to New York.'

"At least as important, the Council provided for the U.S. government the first organized framework for postwar planning. Less than a fortnight after the guns began pounding in Europe, and a full two years before Pearl Harbor, Armstrong and the Council's executive director, Walter Mallory, journeyed to Washington with a proposition. State lacked the appropriations to set up a planning division; Congress was bearish about any official move that hinted at U.S. intervention; there was a danger that, if it finally did get going with a sudden jolt, postwar planning might be out of the hands of State. Why not, they asked, let the Council begin the work, privately, with the understanding that its apparatus would be turned over to State as soon as feasible?

"Secretary Hull was in favor. Accordingly, in December 1939, the Council, with financial aid from the Rockefeller Foundation, established four separate planning groups — Security and Armaments; Economic and Financial; Political; Territorial — comprising about a dozen men each including research secretaries of the highest caliber (Jacob Viner of Princeton and Alvin Hansen of Harvard in the economic group, for example). A fifth group was added in 1941 to consider the problems of the exiled governments of the occupied European countries which the State Department, because the United States was neutral, had to treat gingerly. In 1942, the whole apparatus with most of the personnel was taken into the State Department as the nub of its Advisory Committee

on Postwar Planning Problems. . . .

"It appears that Council studies played a considerable part in shaping the Charter of the United Nations."

G. Edward Griffin (in *The Capitalist Conspiracy*) gives a partial listing of organisations represented in the CFR:

"The CFR, from behind the scenes, has dominated this nation for decades. CFR Members include top executives and journalists for the *New York Times*, the *Washington Post*, the *Chicago Daily News*, *The Christian Science Monitor*, *Harpers*, *Look*, *Time*, *Life*, *Newsweek*, *U.S. News and World Report*, *The Encyclopedia Britannica*, CBS, NBC, MGM, The Motion Picture Association of America; they include directors of the Ford Foundation, the Rockefeller Foundation, the Carnegie Endowment Fund; they include Presidents Hoover, Eisenhower, Johnson, and Nixon; Secretaries of State Stettinius, Acheson, Dulles, Herter and Rusk; a fantastic percentage of the President's Cabinet, Under-Secretaries, the Federal Reserve Board, Ambassadors to other countries, Supreme Court Justices and presidential advisors. The average American has never heard of the CFR, yet it is the unseen government of the United States."

It is clear enough from Kraft's article that the CFR had anticipated the outbreak of hostilities. The objective of setting up their own prepared group within the State Department was to *control* the hostilities and the postwar disposition of forces. To fully succeed in this it was essential to get the U.S. into the war, and this was accomplished by provoking Japan and *allowing* the attack on Pearl Harbour.

But the plot was much deeper. Thanks to the careful research by Antony C. Sutton, based on authenticated documents — many of them U.S. government documents only lately released — we now know for certain that groups associated in the CFR financed and aided industrially the rearmament of Germany, and promoted Hitler's rise to power.\*

"The contribution made by American capitalism to German war preparations before 1940 can only be described as phenomenal. It was certainly crucial to German military capabilities. . . .

"Not only was an influential sector of American business aware of the nature of Naziism, but for its own purposes aided Naziism wherever possible (and profitable), *with full knowledge that the probable outcome would be war involving Europe and the United States.*"

Sutton reveals that the giant industrial groups could not take their 'profits' out of Germany. It is an important observation, because it points to the fact that profits in the ordinary everyday monetary sense of the word are meaningless in the context of the operations of the international monetary system. Practically all the 'money' in the world is 'owned' by the banking system, and in any case, according to a table Sutton gives, profits on loans by three New York financial houses of \$826,400,000 amounted to \$10.4 million — which is a total of only 1.26% over a period of years. Profit to the small business-man is meaningful, because it represents his livelihood in the same way as his wage represents the artisan's. As for the 'Multinationals' and cartels, they are merely the operating mechanisms of the international financiers. Douglas went to the heart of this matter with his observation that modern wars are of the nature of prize-fights between A and B for the benefit of C, the promoter. The ultimate goal is One World Government under a self-perpetuating dynasty, and the operations of international finance and corporations are profitable, in the sense of beneficial, to that objective.

\**Wall Street and the Rise of Hitler*, by Antony Sutton, H.B. £10, P.B. £4 from Bloomfield Books.

In the light of all this, what of the future?

A fairly recently published book, *Imperial Brain Trust*, by L.H. Shoup and W. Minter is, according to a Foreword, a Marxist analysis of the CFR. Superficially critical, it really serves to identify the U.S. as an Imperial Power operating through the CFR; which, of course, is an inversion of the actual case.

Chapter 7 begins: "We have shown in the previous case studies that the Council on Foreign Relations planned the post-World War II global order and tried to preserve it against challenges from the Third World and the Left". In fact, of course, the U.S. under the direction of the CFR has financed aid and arms to the "under-developed" countries, supported Communist governments and/or terrorist movements in those countries, covertly supported Communist Russian advances, and massively supported Russian industrial and military development. (See Antony Sutton's *National Suicide: Military Aid to the Soviet Union*.)

But Chapter 7 is in the main about the CFR's "1980's Project", which has as its aim "nothing less than the creation of a new global political and economic system to replace the existing one". In the Council's 1974 Annual Report there is a description of a new program which, it states, "will be by far the largest operation of the Council, and because of its range and complexity, many other Council activities will be geared into it."

Shoup and Minter describe the Project:

"A March 1975 Council memorandum visualizes three stages in the life of the 1980's Project. First, looking at the totality of the global system, it will outline 'the characteristics of a desirable international environment.' The idea is to ask 'where would we like to be a decade from now?' Secondly, the constraints preventing the achievement of these desired conditions will be analyzed. The relationship between a desirable and a feasible global order will be dealt with in this stage. Thirdly, strategies will be developed and implemented to achieve Council goals. This final stage will involve achieving consensus about the new world order on a global scale. A Council memorandum stated that the 1980's Project must

come to grips with strategies for *modifying the behavior of all the relevant actors in the international community*— individuals, governments, agencies within governments, elite groups, industrial firms, interest groups, mass societies, and other groups and organizations at the subnational and transnational levels. (emphasis added)

Thus the ultimate goal of the Council is wide-ranging influence over the thought and action of people on a world scale. This extravagant ambition, along with the other goals of the 1980's Project, makes it the most important project which the Council has undertaken since the War and Peace Studies Project.

"For the 1980's Project the Council has organized an operating structure having four main elements: a full-time staff, a core Coordinating Group, twelve working groups, and numerous domestic and foreign advisers, experts, and small ad hoc bodies. The first two will be 'the main intellectual driving force of the Project.' The real locus of power will be in the Coordinating Group, fourteen men who will meet frequently to guide the entire 1980's Project. They will approve policy targets and give advice on the feasibility of policy choices and methods of implementation. The Coordinating Group will also provide 'the central integrating functions of the Project—resolving conflicts engendered when choices regarding goals in one area of behavior clash with goals and requisite behavior in other areas.' The group is composed of persons from a limited number of prestigious backgrounds—academic, business, government. They were chosen 'for their capacities as policy "conceptualizers" but also for their sense of the politics and processes

of policy-making and their ability to think about the wide range of problems to be explored by the Project.' Almost all of them have earned Ph.D degrees from Harvard, Princeton, or Columbia."

All this implies that the CFR already anticipates being in a position to carry its plans into effect, and this in turn implies having the sanctions — which in the last resort must be military sanctions — to enforce control over vital raw materials.

As events are shaping up at present, it looks like some form of merger (as the only alternative to an 'unthinkable' atomic war of annihilation) between the USSR and the U.S., operating through the United Nations, which will be given command of supranational armed forces, plus an expanded KGB to put down any internal threat of a return to national sovereignty. And as the CFR knowingly condoned terror in Russia and Germany, we can anticipate the Russian Communist system on a world scale.

Douglas foresaw all this in principle. In *Social Credit* (1924) he wrote:

"...The break-up of the present financial and social system is certain. Nothing will stop it; 'Back to 1914' is sheer dreaming; the continuation of taxation on the present scale, together with an unsolved unemployment problem, is fantastic; the only point at issue is the length of time the break-up will take, and the tribulations we will have to undergo while the break-up is in progress....

"There will probably come well within the lives of the present generation, a period at which the blind forces of destruction will appear to be in the ascendant. It does not seem to me to be necessary that this should be so, but it does seem to be probable".

The break-up began with the Great Depression of 1929, and still continues.

Douglas's work was directed to warning against, and endeavouring to avert, the catastrophe he foresaw. He was *not* an economist in the current sense of that word. Virtually all certificated economists have been trained (or conditioned) in one or another theory of economics, and assume and treat of money as a commodity. If the fact that it is not, and the consequences flowing from that fact, as elucidated by Douglas, had been grasped by statesmen in the immediate post-World War I period, the present catastrophe might have been avoided.

In 1918 The Royal Institute of International Affairs, and the CFR, did not exist. But the Round Table Group did, and was much more secretive. Douglas had to infer conscious intent underlying events, and it was only gradually that documentary evidence became available.

A good deal is now known about the CFR. But it is still impenetrably secretive in its inner core. Shoup and Minter were given access to many of its records, but disclosed that it possessed records which are not available even to all its members.

Social Credit undoubtedly posed the greatest threat to the Conspiracy, because it was an attack on the Money Power, the citadel of the Conspiracy. Hence the boycott. This could not be fully effective, so certificated economists and journalistic commentators were trained to ridicule Social Credit (as the *Encyclopaedia Britannica* in effect does)—a "funny money" scheme; and large circulation newspapers and journals will not publish Social Credit material.

The portents for the near future are very grim indeed. When it is fully grasped that the horror of the 1939 war was deliberately brought about, and that its promoters or their appointed successors are still in positions of enhanced power, it ought to be clear that even worse catastrophe awaits us. (Continued at foot of Column 2, Page 8).



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This Journal expresses and supports the policy of the Social Credit Secretariat which was founded in 1933 by Clifford Hugh Douglas.

The Social Credit Secretariat is a non-party, non-class organisation neither connected with nor supporting any political party, Social Credit or otherwise.

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### Social Credit Secretariat

To revert to the announcement in our last issue, the new Chairman of the Secretariat, Mr. C. R. Preston, has appointed Dr. Basil L. Steele, General Deputy Chairman and Mr. H. A. Scoular, Deputy Chairman Australasia. This announcement will ratify the appointments.

In future *The Social Crediter* will be edited and published in the United Kingdom. Bulk supplies will be air-mailed to Australia for distribution there.

### Force and Make-believe\*

"The political has nothing in common with the moral . . . Our countersign is Force and Make-believe." *Protocols of the Learned Elders of Zion I.*

A respectable minority of those who have been impressed by the importance of the *Protocols*, as for instance, Mr. Henry Ford, Sr., and Lord Sydenham, take the attitude that the origin of the *Protocols* is a matter of comparatively small importance; that it is their almost uncanny correspondence with events which did not transpire until many years after their publication which gives them the importance they have.

We have never been able to follow this argument in its entirety. We imagine that if Scotland Yard were to receive a schedule of the major crimes which would be committed over a period of the next fifty years, and the events of the first five years of the period corresponded with the programme, they would be primarily concerned to know who was in a position to draw up the schedule. But if it became evident that all, or a great part, of the resources of Government, propaganda, the educational system and some of the dignitaries of the State Church were involved in the Schedule, then the matter would clearly require attention at higher levels.

The dominance of Force in current affairs, whether police force internally or military force internationally, does not require to be stressed. It is obvious and inescapable. But the growth and prevalence of make-believe requires far more attention than it receives.

At the outset, let us notice the accuracy of the phrase, *make believe*. That is a short description of hypnotism: the use of mental dominance which, for evil purposes, is Black Magic.

Once that is grasped it is easy to see that the *Protocols* are the Gospel of Black Magic applied to human affairs. Now let us turn to a specific instance.

\*. This title has been added to this extract from C.H. Douglas's "From Week to Week" notes in *T.S.C.*, Oct. 28, 1950.

That shop-front for the Sanhedrin of Satan, U.N.O., the last assertion of the Monotheistic principal of Government, is a sham founded on shams. Its mechanism is a franchise founded on arbitrary units called nations each of which in theory has a vote irrespective of its size, history, ideals or other qualification. Not half of one *per cent.* of the populations of these nations had the most distant conception either of the implication of its creation, or the interests it was intended to serve, although Mr. Attlee declared in advance that "Labour" when it came to power would subordinate British interests to World interests (which is of course the explanation of the "enigma" of Mr. Attlee's Prime Ministership).

A leading agent in its hasty launch at San Francisco was stated to be Mr. Alger Hiss, now serving a long sentence in gaol for treason to the United States.

There are three fair-sized wars in progress under its direct and indirect management, the whole world is becoming mortgaged to the power behind its policy, the United States perhaps better described as Wall Street, "Britain" has "won" one more war and lost one more "peace", together with the most successful Empire known to history, and the people of these islands are governed for all essential purposes by ideals and, in a large part, *personnel* derived from the Polish and Russian Ghettos.

It is beyond question that there is an intimate connection between the course of events and the schedule which foretold them.

### Quotation

"The question *What can we do:* has many answers, and whoever gives an answer may do so according to his knowledge, capacity, and his station (there are many, indeed, who give answer beyond all these). But one answer, at least, is possible to the humblest: to bear witness. It is the duty of all who can do so, whether in print, in their letters, or in talk, to withstand or rectify, in however restricted a manner, the cumulative falsification of history perpetrated by the principal media of publicity in our time . . ." F. A. Voigt, in *Nineteenth Century and After* (Quoted in "The State of the World"—1946—by B. W. Monahan.)

### Power

"You say that people in authority are not to be snubbed or sneered at from our pinnacle of conscious rectitude. I really don't know whether you exempt them because of their rank, or of their success and power, or of their date . . . I cannot accept your canon that we are to judge Pope and King, unlike other men, with a favoured presumption that they did no wrong.

"If there is any presumption, it is the other way, against holders of power, increasing as the power increases. Historic responsibility has to make up for the want of legal responsibility. Power tends to corrupt and absolute power corrupts absolutely. Great men are almost always bad men, even when they exercise influence and not authority; still more when you superadd the tendency or the certainty of corruption by authority . . . The inflexible integrity of the moral code is to me the secret of the authority, the dignity, the utility of history. If we may debase it for the sake of a man's influence, of his religion, of his party, of the good cause which prospers his credit and suffers by his disgrace, then History ceases to be a science, an arbiter of controversy, a guide to the wanderer . . . It serves where it ought to reign, and it serves the worst cause better than the purest."

— LORD ACTON in a letter to Mandell Creighton, Bishop of Peterborough and London, published in 1904 in *Life of Mandell Creighton*.

## Protocol and Practice \*

When C.H. Douglas elaborated what he later called "a glimpse of Reality" into a concise and penetrating analysis of social conditions around the turn of the century under the title "Economic Democracy" (1920), he took as implicit the fact that banks create money. He discovered — uncovered — the central mechanism of the economic system: that the cost of production of consumable goods is always, and increasingly, in excess of the purchasing-power of the wages, salaries and dividends distributed in the course of their production — that is to say, there is a gap, and an ever-widening gap, between incomes and prices. Douglas merely remarks, *en passant*, "... the creation of subsidiary financial media, in the form of further bank credits, becomes necessary ..." Later he says that the money to fill the gap "must reside in the banks" and, later, "loan-credit, that is to say, purchasing-power created by the banks on principles which are directed solely to the production of a positive financial result ..."

Now to this very day it is quite certain that the great majority of people do not realise that more than ninety per cent. of what they call money — "money in the bank" — has no physical existence; it is not cash, but book-entries. This ignorance is simply due to the fact that the *right* of the banking system to create the money used by the community and to claim its ownership and charge for its use, has not been permitted to become a subject of open public debate. Professional economists even as late as the 1930's denied the fact of money creation by the banking system; but with the rise of so-called Keynesianism the fact was both obscured by rationalisation and obfuscated by controversies between rival economic theories concerning 'management' of 'the economy', and finally placed out of reach of the public by the 'nationalisation' of banking, which simply armed the banking system with the sanctions of overt Government.

*Economic Democracy* is a highly objective analysis of economic and political reality, and was addressed primarily to the latent goodwill underlying British character and institutions, at that time under the threat (to which they have now succumbed) of the imposition of an alien culture of collectivism as opposed to individuality — epitomised by Prussianism in the first place, and succeeded by Bolshevism at the end of World War I.

Douglas made the whole situation explicit in *The Monopoly of Credit* (1931; 3rd Revised Edn. 1951). But with the suppression, through the British Government at the instigation of the International Financiers, of the Alberta (Canada) Government's attempt to effect monetary reform according to Social Credit principles, it became proven that control through the financial system as it exists was the mechanism of a conscious conspiracy to establish overt World Government with International Financiers at its centre, and Social Credit strategy was then directed towards exposing and defeating the Conspirators.

Thus in retrospect it is clear that Douglas fully understood the actual operation of the financial system when he wrote *Economic Democracy*, but chose not to put the emphasis on this aspect of his analysis.

In 1906 a copy of a document entitled *The Protocols of the Learned Elders of Zion* was deposited in the British Museum. An English translation of this was published in London in 1920, and received notice in *The Times* and other journals, and roused considerable interest. In a short time, however, discussion was stifled, and the book denounced as a "forgery".

*The Protocols* describes in extraordinary detail a coherent programme to achieve World Government.

A programme of which some of the various items have become history only in this century. Here we note only the inner knowledge of finance displayed in the plan.

Discussing Gentile financial "irregularities", **Protocol No.20** states: "... The first irregularity, as we shall point out, consists in their beginning with drawing up a single budget which year after year grows owing to the following cause: this budget is dragged out to half a year, then they demand a budget to put things right, and this they expend in three months, after which they ask for a supplementary budget, and all this ends with a liquidation budget. But, as the budget of the following year is drawn up in accordance with the sum of the total addition, the annual departure reaches as much as 50 per cent. in a year. and so the annual budget is trebled in ten years. Thanks to such methods. . . their treasuries are empty. The periods of loans supervenes, and that has swallowed up remainders and brought all gentile States to bankruptcy.

"You understand perfectly that economic arrangements of this kind, which have been suggested to the gentiles by us, cannot be carried on by us.

"Every kind of loan proves infirmity in the State and a want of understanding of the rights of the State. Loans hang like a sword of Damocles over the heads of rulers, who, instead of taking from their subjects by a temporary tax, come begging with outstretched palm to our bankers. Foreign loans are leeches which there is no possibility of removing from the body of the State until they fall off of themselves or the State flings them off. But the gentile States do not tear them off; they go on in persisting in putting more on themselves so that they must inevitably perish, drained by voluntary blood-letting.

"What also indeed is, in substance, a loan, especially a foreign loan? A loan is — an issue of government bills of exchange containing a percentage obligation commensurate to the sum of the loan capital. If the loan bears a charge of 5 per cent., then in twenty years the State vainly pays away in interest a sum equal to the sum borrowed, in forty years it is paying a double sum, in sixty — treble, and all the while the debt remains an unpaid debt.

"From the calculation it is obvious that with any form of taxation per head the State is bailing out the last coppers of the poor taxpayers in order to settle accounts with wealthy foreigners, from whom it has borrowed money instead of collecting these coppers for its own needs without the additional interest.

"So long as loans were internal the gentiles only shuffled their money from the pockets of the poor to those of the rich, but when we bought up the necessary person in order to transfer loans into the external sphere all the wealth of States flowed into our cash-boxes and all the gentiles began to pay us the tribute of subjects.

"If the superficiality of gentile kings on their thrones in regard to State affairs and the venality of ministers or the want of understanding of financial matters on the part of other ruling persons have made their countries debtors to our treasuries to amounts quite impossible to pay it has not been accomplished without on our part heavy expenditure of trouble and money. . . .

". . . It is a proof of the genius of our chosen mind that we have contrived to present the matter of loans to them in such a light that they have even seen in them an advantage for themselves. . . ."

**Protocol No.21** "To what I have reported to you at the last meeting I shall now add a detailed explanation of internal loans. . . .

"We have taken advantage of the venality of administrators and the slackness of rulers to get our moneys twice, thrice and more times over, by lending to the gentile governments moneys which were not at all needed by the States. Could anyone do the like in regard to us? . . . Therefore, I shall only deal with the details of internal loans.

\* By B. W. Monahan, originally published in *T.S.C.*, Sept. — Oct., 1980.

"States announce that such a loan is to be concluded and open subscriptions for their own bills of exchange, that is, for their own interest-bearing paper. That they may be within the reach of all the price is determined at from a hundred to a thousand; and a discount is made for the earliest subscribers. Next day by artificial means the price of them goes up, the alleged reason being that everyone is rushing to buy them. In a few days the treasury safes are as they say overflowing and there's more money than they can do with (why then take it?). The subscription, it is alleged, totals many times over the issue total of the loan; in this lies the whole stage-effect — look you, they say, what confidence is shown in the government's bills of exchange.

"But when the comedy is played out there emerges the fact that a debit and an exceedingly burdensome debit has been created. For the payment of interest it becomes necessary to have recourse to new loans, which do not swallow up but only add to the capital debt. And when this credit is exhausted it becomes necessary by new taxes to cover, not the loan, but only the interest on it. These taxes are a debit employed to cover a debit.

"Later comes the time for conversions, but they diminish the payment of interest without covering the debt, and besides they cannot be made without the consent of the lenders; on announcing a conversion a proposal is made to return the money to those who are not willing to convert their paper. If everybody expressed his unwillingness and demanded his money back, the government would be hooked on their own flies and would be found insolvent and unable to pay the proposed sums. By good luck, the subjects of gentle governments, knowing nothing about financial affairs, have always preferred losses on exchange and diminution of interest to the risk of new investments of their moneys, and have thereby many a time enabled these governments to throw off their shoulders a debit of several millions.

"Nowadays, with external loans, these tricks cannot be played by the gentiles for they know that we shall demand all our moneys back.

"In this way an acknowledged bankruptcy will best prove to the various countries the absence of any means between the interests of the peoples and those who rule them. . . ."

The wording of the above extracts may appear obscure to some of our readers, and relative to the greater part of the *Protocols*, dealing with social and political strategies, it is obscure, probably intentionally so. It would not be obscure to those members of the Congress to whom the lectures were allegedly addressed who were engaged in the actual practice of financial manipulation. Theodore Herzl, a leading Zionist, in his book *The Zionist State*, remarked: "When we sink, we become a revolutionary proletariat, the subordinate officers of the revolutionary army; when we rise, there rises also our terrible power of the purse".

*Protocol No. 22* states: "In our hands is the greatest power of our day — gold: in two days we can procure from our storehouses any quantity we may please". That is more symbolically than literally the case — the International Financiers operated by manipulation of exchange rates and circulation of documents (Bills of Exchange, etc.).

But the real power behind money is the charging of interest. As long as there are, on the one hand borrowers and on the other hand lenders, the charging of interest on loans ensures that the whole of the money will pass into the possession of the lenders *unless the quantity of money is increased*. In the centuries before the birth of the industrial era, the finding and mining of gold provided a sufficient expansion to ensure the continued circulation of money. But with expanding industrialisation the rate at which new money was

required rapidly increased beyond the rate at which gold could be mined. Yet it was necessary to maintain the myth that all money had commodity — i.e. real — value, ensured by exchangeability for gold. So for a time we had the Gold Exchange Standard.

The recent runaway increase in the 'price' of gold exposes this situation. Gold at its current price is useless as currency. Hence the proposal for a gold substitute in the form of so-called 'Paper Gold', or Special Drawing Rights (SDR's). The idea is that national currencies should be based on these, which would, of course, be controlled by the International Bankers; "In our hands is the greatest power — the control of the world's money supplies"!

However, SDR's are only paper documents — international overdrafts, as it were. They are quite lacking in the almost mystical quality of gold — a quality, however, which is based on the inherent value represented by the effort of discovering and mining the metal. And that is the fundamental reason behind the propaganda for a New Economic Order — One World — World Government controlling a World Police Force; and behind this again is "a carefully thought-out plan to deprive every individual in every country in the world of any individual share in those powers which reside in credit. Credit is 'the substance of things hoped for, the evidence of things not seen'. It is proposed that no man, woman or child shall have access to any things hoped for, except by licence, and that licence can and will be withdrawn at the whim of an omnipotent Sanhedrim. That is what has happened in Russia, Poland and Germany, and it is that with which we are threatened in Britain." (C.H. Douglas, 1932). Since then it has happened in the rest of Eastern Europe, Africa, South East Asia and elsewhere, and continues to spread. The spread of penalised unemployment, soaring inflation, strangling taxation are the onset in the rest of the world. The collapse of the motor industry in the U.S.A. most likely heralds the onset of the universal economic crisis which the *Protocols* foretold. Does anyone imagine that the motor industry can regain its lost position, or that the 'energy crisis' will just go away?

A police force as such cannot run a country, let alone the whole world. What can, and does, control the actions of individuals is access to the necessities of life. Where Nature provides those necessities — as it still does for animals, and did for Man and his forebears for millions of years — a people can survive. In modern industrialised countries, they cannot. They must trade — exchange goods and services. And the more complex the society, the more necessary is a *medium* of exchange: Money, in one form or another. But if the provision of this medium can be — as it has been — monopolised, it becomes a means of government — the fundamental means. The man-made laws (and how increasingly numerous they are!) governing the acquisition and disposal of money is government at grass-roots level. And that is where police — national or international — come in. Governments, whether consciously conspiratorial or not, know this in their bones, which is why they reject monetary reform.

Now, for purely arithmetical reasons arising from the system of cost-accountancy of industrial production, progressively larger and larger quantities of money are required to effect the distribution of consumable goods. If this increase is to be effected only through the medium of employment, it must necessarily take the form either of *capital* expansion, which further compounds the problem and increases the rate of inflation, or of production for an export surplus, which is not only a net *material* loss, but again increases inflation. At the same time, attempts at 'halting' inflation all boil down to decreasing the growth of the money supply, leading directly to unemployment, bankruptcies and a rise in the poverty level. The demonstration of all this is now world-wide, and if continued will lead to a universal economic crisis, as foretold in *The Protocols*. This is designed to usher in World Socialist Government. And as *Protocol*

No.23 states: "That the peoples may become accustomed to obedience it is necessary to inculcate lessons of humility and therefore to reduce the production of articles of luxury. By this we shall improve morals which have become debased by emulation in the sphere of luxury. . . ."

The Bolshevik Revolution in Russia in 1917 was the beginning of the global implementation of the far-sighted plan, and "aid to under-developed countries" has proved to be a strategem not to obviate poverty in the Third World (which is impossible by Western standards) but to disperse, uselessly, the super-production of the "old" world. As the *London Times*, Nov.20 1971, put it: "It would be a nice irony if the Common Market, advertised as an association for waxing fat, proved its usefulness as an instrument for abating the rapacity of industrial society. . . . people will have to be brought to assent to the reality of the prophetic doom awaiting them if they do not mend their ways."

All this is the scenario of *The Protocols* brought up to date. Had Social Credit principles and proposals been put into effect when first put forward, there is every chance that we would by now be enjoying a higher civilisation than could ever have been envisioned in the pre-industrial era. Yet before the rot set in, civilisation had made quite spectacular advances, achieved with little more than human energy aided to a minor degree by animal energy, and wind and water power. Yet behold the cathedrals of Christian civilisation, and other architectural triumphs; the bridges and roads, the ships; the arts of painting, sculpture, music and literature produced in Renaissance Europe.

The harnessing of solar-derived energy via fossil fuels and electricity, and its application to industrial manufacture, building, transport, etc., has multiplied the rate of manufacture in the general sense by a factor of several hundreds in terms of man-power. In this century electronic engineering has become another great multiplier.

But the "far-sighted plan" has misdirected these potentially beneficial developments so that instead of setting Man free from toil it has, as Douglas pointed out, merely enabled Man to do more work. Any large city is dominated by an aggregation of large multi-story and for the most part graceless buildings which are completely non-productive, merely serving the purpose of government — largely by financial manipulation (banking, insurance, building-societies) and, increasingly, direct Government activities (taxation, 'welfare', health, education, defence). All this represents a huge wastage of energy, both human and mechanical. It is a monstrous theft of leisure. And this is compounded by misdirection of production, as by built-in obsolescence to keep up production of new articles, and other forms of sabotage; and the export-surplus racket, where we mine the wealth of the earth and ship it abroad.

All this is justified by the policy directive which treats the productive system as a vehicle for Full Employment — which is better categorised as wage-slavery. The whole promise of industrialisation was the possibility of creating the Leisure State, with Citizens the beneficiaries of the legacy bequeathed by our forebears. We are quite literally robbed of our inheritance. With the age-long struggle for survival won, we should be free each one to pursue his own goals.

In Australia at present average household income can be estimated to be about fourteen thousand dollars (maldistributed, of course) as against about nine thousand five years ago. In the same period the money supply has increased by about thirty thousand million dollars, for the most part representing creation of new money by the banking system, which claims its ownership. But because of inflation the increase in the money-supply does not reflect an increase in household purchasing-power. If, on the other hand, the increase in the money had been used to subsidise a reduction in retail prices

instead of raising wages, the whole community would have bettered its position. (Details concerning this are given in *The Crime and the Cure*).

The signs of the times are that a global economic crisis is imminent. If it comes, revolutionary governments will seize power — never, in our time, to relinquish it. Only if, before then, it can be demonstrated, somewhere, that a sound finance-political system, based on freedom of the individual through financial independence, will there now be the possibility of a modern Renaissance. There is too much lost ground to be recovered for contemporary generations to see more than its beginnings. The polluted river must be cleared by fresh water from the source. But if there is no beginning our successors will inhabit a new Dark Age — or perhaps disappear.

"It is impossible to doubt that the bid for world control, which emerged into the open in 1914, and was temporarily foiled in 1918 has merely shifted from Berlin to Washington and New York. . . ."

"... The only line of action which can be effective in the emergency with which the world is confronted must be one which can paralyse or break up the group control of credit to which the majority of individuals in every country have become helpless slaves. . . .": C.H. Douglas, 1924.

## Hong Kong

In an article on Hong Kong in *The Review of the News* (Boston, Massachusetts, U.S.A.), October 17, 1984 Clarence E. Carson says, "According to my information, Hong Kong became a British possession in 1841; and in 1860, Stonecutters Island and Kowloon peninsula were ceded by the Chinese to the British. Only the New Territories, as they were called, were obtained by the 99-year lease in 1898, and they are on the mainland of China."

Who can tell us if this is true or not?

### A Social Credit Perspective (Continued from Page 4)

There is certainly no hope in Party Politics which, in fact, are a barrier against effective revolt. There is only one hope on the mundane plane: that a Government in being in a Country such as Australia, New Zealand, or perhaps Canada should recognise the immense danger confronting us and institute reform based on Social Credit *principles*. Australia, for example, has of itself sufficient food, raw materials, and industrial capacity to provide food, clothing and homes for every family in the land. To ensure the distribution of these *as a first priority* would gain public support, and would enable exposure of the nature of the present financial system to be effected. It is a risky chance; but it must be set against an absolute certainty.

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