

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

Vol. 46 No. 25

SATURDAY, MARCH 11, 1967

1s. 3d. Fortnightly

The Reith Lectures for 1966

These lectures given by Professor J. K. Galbraith under the title 'The New Industrial State' contain perhaps the most complete admission of the truth of Major C. H. Douglas's A plus B statement and its implications that we have had so far from any eminent academic economist. They also expose the dangers to mankind from continuing modern Keynesian economic methods.

Prof. Galbraith's main contention is that the requirements of technology and the use of advanced technical equipment are forcing modern industrial states to converge towards the same pattern of planned economy no matter whether they call themselves capitalist, socialist or communist.

Large firms and corporations, especially in the U.S.A., are often of enormous size and complexity: they often produce or handle many different products and have widespread affiliations and ramifications. They are of necessity run by groups or teams of organisers and technologists who plan their programmes of production, distribution and public relations. Prof. Galbraith contends that big business has outgrown and practically destroyed the ordinary competitive market economy in which the consumer is paramount (if he has the money) and producers compete to attract him both as regards prices and quality.

Large-scale manufacture tends to be inflexible. It is true that before a product is launched there is intensive planning and research not only in installing the right plant and in using the most efficient methods but also into consumer reactions and behaviour. Once launched, however, it can be difficult and expensive to make even slight changes and, since it has come about that most production is on a large scale, the customer has to take what is offered or go without and, of course, every effort is made by means of skilled advertising and salesmanship to ensure acceptance.

The fact that big business is independent of the ordinary market means that it is able to fix the prices both of its raw materials and of its final products. This is an essential element in planning: prices are arranged at a level which generally enables producers to show a profit for their shareholders while still attracting buyers and also providing for their own expansion and improvement out of revenue and without recourse to bank loans. In support of this Galbraith tells us that in 1964 only seven of the first five hundred industrial corporations in the U.S.A. failed to make a profit, of the first 200 only two and of the first hundred none.

Throughout his lectures Prof. Galbraith stressed the fact that the groups of organisers and technologists who run large firms and corporations must have a large measure of autonomy in planning their programmes since they alone have the necessary information and experience. Outside interference, whether by shareholders or by politicians or

state bureaucrats would mean endless duplication, frustration and loss of efficiency. This bit of common sense has also been discovered on the other side of the Iron Curtain where, in the early stages of the revolution, the State had complete control. In fact, the tendency all over the world, except in relatively backward countries, is for a division of functions between big business and the state, the former being a kind of 'penumbra' of the latter. Galbraith suggests that this convergence in structure makes conflict between East and West not only undesirable but unnecessary.

Prof. Galbraith admits that the present industrial system can supply man's physical needs abundantly but there are several important things it cannot do. "It cannot ensure that the total purchasing power in the economy will be equal or even approximately equal to the goods that can be produced by the current working force." "It does not," he says, "greatly profit a large automobile company or a soap manufacturer to have a large and reliable corps of consumers if they lack the purchasing power with which to buy"—a key confession for which Social Crediters have waited for a very long time: it is the admission of the truth of Douglas's A + B statement mentioned in our foreword.

Large firms also "cannot supply the specialised manpower that modern technology, organisation and planning require: they can train but they cannot educate; they cannot absorb the risks and costs that are associated with the most advanced forms of scientific and technical development" (e.g., atomic energy production, supersonic travel, space rockets, modern weapons, etc.); and although they can fix minimum prices they cannot fix maximum prices: "they cannot prevent wages from forcing up prices and prices from forcing up wages in the familiar inflation spiral."

Here the state steps in: these gaps in the economy are all "underwritten" by the state which steps in "to manipulate taxes, public spending and bank lending—to implement what we call the modern Keynesian policy and to put ceilings on prices and wages to prevent inflation." In this connection Galbraith points out that the Keynesian regulation of aggregate demand "is thought" (a rather curious phrase) "to have been occasioned by the particular 'imperatives' of *full employment and growth*." But the "simple" Keynesian method of filling the gap by spending for schools, housing and other amenities "would not serve to underwrite the kind of technology that is beyond the reach of private planning." Modern underwriting is on a much larger scale: "few changes," he says, "in economic life have ever proceeded with such explosive rapidity. Few have so undermined conceptions of public and private enterprise." For instance, the direct planning of research and development alone "is something on which the U.S. government in 1962 spent an estimated \$10.6 billions—more than the total dollar outlays for all purposes, military and civilian, before

(continued on page 3)

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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.

SUBSCRIPTION RATES: Home and abroad, post free: One year 40/-; Six months 20/-; Three months 10/-.

Offices: Business: 245 Cann Hall Road, Leytonstone, London E.11.

Editorial: Penrhyn Lodge, Gloucester Gate, London NW1

Telephone: EUSton 3893.

IN AUSTRALIA—

Business: Box 2318V, G.P.O., Melbourne.

Editorial: Box 3266, G.P.O., Sydney, Australia (Editorial Head Office).

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FROM WEEK TO WEEK

It is six years since armed forces under the control of the U.N., and with the blessing of the U.S.A. and the U.S.S.R., brutally crushed Katanga, to end its secession from the Communist promoted chaos in the rest of what used to be the Belgian Congo. The world, never told very much of the savagery of that campaign, has been allowed to forget what little it knew; but we should not forget. The story is told in sufficient detail in Edward Griffin's *The Fearful Master*, a study of the origin, structure, composition and sinister activities of the U.N., a committee of which is studying methods of making war on the Republic of South Africa.

We should not forget, for the real reason for the war on Katanga has now emerged. The Congolese 'government' has nationalised the copper industry of Katanga. According to a report published in *The Guardian*, Jan. 30, 1967, an international consortium will be formed to continue the mining operations. "Soon after the Kinshasa announcement, it was reported that the consortium would consist of the American Newmount Mining Company and the French Penarroja Company, linked with the Rothschild group. A third participant would be the Belgian *Banque Lambert*, which also has a link with Rothschild."

And that, of course, is what anti-colonialism is really all about. As the late C. H. Douglas pointed out in 1944 (*The Brief For the Prosecution*) the policy of World Dominion, once pursued mainly through the control of money, gold, and credit, had reached the stage where legal control of raw materials had become essential to its pursuit to a final and successful conclusion. The Governments of Rhodesia and of the Republic of South Africa are not likely to nationalise their mineral wealth, and hand over legal control to international consortia—not, that is, until they enjoy 'majority rule'. And, by gad, the U.N. will give it to them.

"Behind the scenes in Whitehall, however, his [Bobby Kennedy's] priorities were very different. The Common Market finished a bad third behind Vietnam and, most important, Rhodesia . . . America is deeply bound up in the Rhodesia mess. LBJ has signed the UN sanctions order; sanctions are legally in force; as many as 50,000 American officials are charged with making sure they work." (*The*

Guardian, Jan. 27, 1967). (Our emphasis.)

The Foreign Affairs Circle (Church House, Petersham, Surrey, England) has published a four-page *Memorandum* summarising the political history of Alexei N. Kosygin, the Soviet Prime Minister. He was closely associated with Stalin's policies of mass exterminations, deportations, purges and slave labour (which still continues). This is the man "for whom Premier Harold Wilson would most like to roll out the red carpet" (*Daily Mirror*, Jan. 10, 1967).

Well, we did learn from a BBC broadcast that Mr. Wilson, out of consideration for Mr. Kosygin's busy schedule (including a meal with the Queen), decided to call on him at his hotel. So, when is the kissing going to stop?

Peaceful coexistence is the Conspiracy's method of taking over the world under cover of the threat of a global atomic war. This threat is like that of a money-lender who has mortgaged your valuable property, tricked you into bankruptcy, and then threatens to burn your property if you don't evacuate the premises peacefully. The Communists want the world intact. People don't matter, of course; there are too many of them anyway, so nice little local wars of mutual destruction and 'national' liberation are the order of the day. They do not disturb the management. Even the mighty Chinese are proving expendable, or so the news says. But so long as financial headquarters remain in New York it is safe from 'the bomb'. Salisbury? Ah, that's different.

"Britain has no particular reason yet to trust him [Mr. Kosygin] too far." (*Spectator*, Feb. 10, 1967). If not "yet", when? And "too far", or far enough? In such grave matters as this, you can't be too particular.

The Chiefs

. . . these extracts (unpublished in Britain, we believe) [are] from a letter to U Thant, and Presidents de Gaulle and Johnson, from a Rhodesian chief and member of the Chief's Council, Simon Sigola MBE:

"Before this Government came in, people were killed and their houses were burned just because they did not belong to a political party. We in Rhodesia have thatched roofs on our houses. The African politicians used to lock our doors from outside and then set fire to the house and kill the people inside together with their innocent children, who knew nothing about politics, because they did not agree with them.

"The only trouble we have now is from terrorists who come with bombs from China and Russia, communist countries with no freedom of speech or opposition parties. We plead with you to come and visit us in our country to see for yourself what a peaceful country this is.

"We know that we black people will be able to take over the Government when we are civilised enough to do so, but it would be wrong to do so overnight. We know it will take a long time.

"Before the White man came, we were fighting among ourselves, we were being killed by diseases and now we have hospitals and clinics and the Mashona and Matabele people are now at peace with each other. There are so many other things by which we are helped by the Government. We are helped when there is starvation in the land, we are given work to buy food."

—*Political Intelligence Weekly*, Jan. 27, 1967.

Language

We have pointed out before the importance of resistance to the campaign, long conducted, for so degrading language that it becomes a tool which is useless for any honest purpose and valuable only as a means of spreading confusion and deceit. Therefore we welcome the following from an article, "Satirist in the Modern World," in *The Times Literary Supplement*:—

"Confucius was once asked what he would do first if it were left to him to administer a country. The Master said (in Professor Waley's scholarly translation of the *Analects*): 'It would certainly be to correct language.' His listeners were surprised. 'Surely,' they said, 'this has nothing to do with the matter. Why should language be corrected?' The Master's answer (more freely translated) was: 'If language is not correct, then what is said is not what is meant; if what is said is not what is meant, then what ought to be done remains undone; if morals and arts deteriorate, justice will go astray; if justice goes astray the people will stand about in helpless confusion. Hence there must be no arbitrariness in what is said. This matters above everything'."

—*The Social Crediter*, May 16, 1953.

"Recent counsels to discard fine discriminations, to restrict language to simple and familiar instances of its use, to pare down the vocabulary of the people and to whittle away all that is unknown to children and forgotten by the aged, the forgetful and the lazy, are invitations to ambiguity among words, for since the particulars of life constantly multiply by the effect of inventions and complexities, fewer words have to serve more purposes. The offence is doubled by being from two sides at once: no sooner a new need arises than, in place of inventing a new term to express it, an old one is torn from its established roots and implanted in the new soil, for a need is a soil, fostering growth and bearing fruit; while by word-clipping the vandals denude an old plantation and give it over to weeds, which spread lustily in the vacant earth."

—The Editor, *Fig Tree*, September, 1954.

"If the meaning of words is distorted contact with reality is lost."

—Dr. Ivan Pavlov (Russian neuropsychiatrist).

"Without language we should merely be hairless chimpanzees. Indeed, we should be something much worse. Possessed of a high IQ but no language, we should be like the Yahoos of *Gulliver's Travels*—creatures too clever to be guided by instinct, too self-centred to live in a state of animal grace and therefore condemned to remain forever, frustrated and malignant, between contented apehood and aspiring humanity. It was language that made possible the accumulation of knowledge and the broadcasting of information. It was language that permitted the expression of religious insight, the formulation of ethical ideals, the codification of laws. It was language, in a word, that turned us into human beings and gave birth to civilization."

—Aldous Huxley, *Adonis and the Alphabet*.

None Dare Call It Treason

by John Stormer

The almost incredible but carefully documented story of the progress of Conspiracy in America.

6/2 posted

The Reith Lectures for 1966 (continued from page 1)

the second world war." The state is also by far the best single customer of big industry, taking one fifth of its total production.

From this it is plain that although big industry is in a position to finance its requirements without borrowing directly from the banks it is, in the last resort, dependent on the state or, perhaps more accurately, on the state acting as the agent and intermediary for the banking system for the continuation of a flow of finance. Total purchasing power is only increased by bank lending and government spending, not by taxation: stop lending and spending and unemployment would rocket and customers fade away as they did in 1929. Big business knows this very well; hence it welcomes an association in which state planning supplements and dovetails in with its own planning and expansion. Galbraith does not tell us how the banks get the money to "lend" to the state although he must know the procedure very well (see *Encyc. Brit.* 14th Edn., Vol. 3 p. 49 and R. G. Hawtrey, *Currency and Credit*, Longmans Green and Co. pp. 219/220 for statements indicating that banks create the means of payment—money—out of nothing.) Perhaps in his forthcoming book he will deal with this subject and also say why this procedure is allowed to result in unpayable debts owed by the community to the banks. Prof. Galbraith says he prefers underwriting space shots to underwriting weapons and that he is worried about the danger to liberty in associating all or a large part of economic activity with the state. He thinks that "the individual and his preferences will in one way or another be sacrificed to the needs of the apparatus *ostensibly* created by the state to serve him. As the modern industrial system evolves into a 'penumbra' of the state the question of its relation to liberty arises in urgent form." This danger, as he sees it, "arises not from accepting the discipline necessary to achieve co-operative goals" but lies rather "in the subordination of belief to the needs of the modern industrial system."

Galbraith also observes that industry is being established as the chief end of life, taking precedence over superior values such as aesthetics and even over morality and politics, internal and international. But this kind of warning has been given by saints and sages and echoed from countless pulpits without avail throughout history. It was clearly stated by C. H. Douglas in 1924:—"There are only three alternative policies in respect to a world economic organisation. The first is that it is an end in itself for which man exists; the second is that, while not an end in itself, it is the most powerful means of constraining the individual to do things he does not want to do, i.e., it is a system of government and implies a fixed ideal of what the world ought to be; the third is that economic activity is simply a functional activity of men and women in the world and that the end of man, while unknown, is something towards which most rapid progress is made by the free expansion of individuality and that therefore economic organisation is most efficient when it most easily and rapidly supplies economic wants without encroaching on other activities." (*Social Credit Principles*)

Galbraith's hope for the world seems to lie in the fact that, in the process of producing the scientists, technologists, and organisers that modern industry needs, it will be impossible to prevent the growth of a large body of educated men and women who will, he hopes, see what is happening and bring pressure on the state to keep industry within its

proper bounds. "It is," he says, "to the state that we must look for freedom for individual choice as to toil . . . and it is for the state to reject images that underwrite technology but at the price of unacceptable danger." In other words "emancipation" is to come from the chief operators and considerable beneficiaries of the present system, its very acolytes and neophytes. A faint hope we fear! And one which Galbraith himself does not seem to hold very strongly for, later on, he says: "It is part of the vanity of modern man that he can decide the character of his economic system" against "the 'imperatives' of technology, organisation and planning."

These doubts are still further reinforced by the fact that Galbraith dislikes shareholding and, if we understand him correctly, implies that it ought to be abolished. "A shareholder," he says, "is a passive and functionless figure, remarkable only in his capacity to participate without effort or even, given the planning, without appreciable risk in the gains of the growth by which the directing organisation now measures its success. No grant of feudal privilege [he forgets that the lord had responsibilities as well as privileges] has ever equalled, for effortless return, that of the American grandparent who endowed his descendants with a thousand shares of General Motors or I.B.M." In other words, let some anomalies provide an excuse for abolishing a long-standing system—the usual Socialist method.

The abolition of shareholding and its dividends in favour of a complete dependence on wages and salaries would proletarianize us all. Even though there might, by permission of the state, after pressure by "educated technologists", come to be some "choice of toil" and some slackening of the industrial rat-race because industry was at long last seen to be "only a part, and a diminishing part of life," there would still be no genuine liberty since economic policy would always be under producer control. We might perhaps reach the second alternative quoted earlier from *Social Credit Principles* but that is as far as Galbraith would take us, even if his best hopes, as expressed in his sixth lecture, were realised.

But before leaving him we should contrast his ideas with those of Douglas who considered that technology, instead of subjugating us to its "needs" and "imperatives" should make industrial work easier for everybody and that any adjustment of the economic and political structure should be of a kind which will "place every individual 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 is placed before him."

Douglas saw that the "basis of independence of this character is most definitely economic". Hence, far from abolishing shareholding he proposed to make it universal: to make national dividends, based on each individual's share of our common heritage of scientific discovery and invention—a heritage of incalculable actual and potential value—gradually replace and supersede the wages and salaries system. He also proposed, by the integral accounting, in financial terms, of total production against total consumption in a given period, to ensure that the purchasing power of the community would be sufficient at all times to buy the consumable goods on sale. This would restore consumers (and this means all of us) to their *rightful position* as controllers of the *policy* of production while leaving producers free to carry out the actual working of field and factory in the best possible way "without encroaching on other activities."

Of his proposals, if implemented, Douglas wrote: "In place of the relation of the individual to the nation being that of a taxpayer it is easily seen to be that of a shareholder . . . Not being dependent on a wage or salary for subsistence he is under no necessity to suppress his individuality, with the result that his capacities are likely to take new forms of which, so far, we have little conception." In other words we should stand a chance of discovering the true end of man as suggested in the third policy outlined in *Social Credit Principles*. If they are not implemented the future of mankind looks black indeed.

—T.N.M.

Rhodesia in 'Rebellion'

by Judge Gerald Sparrow

Judge Sparrow visited Rhodesia to find the answers to many questions from first-hand experience. In the Foreword he says, "I set out with much goodwill for the Rhodesian point of view. But I was determined to see things for myself without blinkers—and without prejudice. A lawyer for many years, I thought that my training would help me to get at the realities of the situation and report the Rhodesians to the world in a clear, realistic light." The result is a portrait of Rhodesia somewhat different from that given by the mass media.

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The Fearful Master

A Second Look at the United Nations

by G. Edward Griffin

Describes the behind-the-scenes realities of the United Nations, whose permanent staff is dominated by Communists, with the heads of most of its agencies coming from Communist-controlled countries.

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The Art Of The Possible

by Bryan W. Monahan

This booklet is the text of an address given in Sydney in May, 1966. It endeavours to delineate the large background of today's extremely dangerous international situation, which has come about despite the fantastic technological progress which should make life more pleasant and secure on an ever-widening scale. If we understand why this contradiction exists, and how it has come about, we may be able to take action to remedy the situation. But if we do not understand, the destruction of Western Civilisation, probably within a very few years, and its replacement by a police-state collectivism, appears certain for those who survive the revolution which already engulfs us.

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