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The Background of Socialism

By BRYAN W. MONAHAN

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Socialism is an omnibus term, which means different things to different advocates. Probably its best general definition, like that of Social Credit, is that it is the policy of a philosophy. In both cases, this definition excludes all particular technical applications; it excludes the means, and directs attention to the ends. Generically, Socialism belongs to the philosophic group of which monism and pantheism are formal expressions for special purposes; more narrowly, the "political philosophy" is Collectivism—the idea that a given Society has a real corporate existence in relation to the individuals composing it, and that as such it possesses permanent functions which are relatively permanently identified with specific classes, so that members of the class become more or less exclusively exponents of a single function.

These abstract relationships do not explain why so many profess Socialism as a policy, and it is evident that only a small minority have any knowledge of the theoretical background. The practical motive with most is probably "what they can get out of it" or think they will get out of it, and this in turn is conditioned by their present status.

To begin with what the theoretical Socialist regards as the basic—i.e. despite what he says, the *lowest* stratum of Society: the worker, or wage-earner, or proletarian. For the great majority of modern workers, the job has become routine and non-creative. It may or may not require a high degree of skill; but if it does, it is a specialised skill unrelated to anything else in life. The job, therefore, provides nothing in itself for the worker; it is a means to an end external to the job itself. The interests of such workers are outside their work; their perfectly natural motive is more "interest" and less "job", the concrete expression of which is higher wages and shorter hours. Now Capitalism does not explicitly offer this, although it could; it appears as the antithesis of what the worker regards as progress, because the worker is continually taught that there is only either Capitalism or Socialism, and that only the latter is identified with his interests.

The next lowest stratum consists of those who make a business of advocating the grievances of the workers—the lower-grade Socialist politicians. These do not feel themselves to be freely interchangeable with those they represent. They are "leaders" whose position depends on having workers with grievances to "lead". The "class-war" is their bread and butter; it is also their taste of power. Now if Socialism abolished all grievances their position would go; they would relapse into the ranks of the workers. But Socialist theory assigns them a function; they personify the

function of labour in the collectivist system; they become the channel through which this function is co-ordinated with other functions. Socialism thus means for these stability, and stable power.

Next there is the intelligentsia, in which we may include both the genuine expert, and the intellectoid, or intelligent-seeming, type. The latter is a sort of sincere drone type. Its representative defies the intellect in effect; this is the utopian, the blue-printer, who writes books on how the world should be re-planned, quite oblivious of the equal merits of the radically different and incompatible plans of his fellow intellectoids. The common denominator of the lot of them, however, is the "plan," which will construct everyman's Heaven out of this Earth.

The expert, on the other hand, knows perfectly well the practical consequences of collective planning. His outlook has been well described by Colm Brogan: "It is customary for politicians to talk as if all ignorance, disease, dirt, squalor, ignominy and poverty were the results of an evil and rapacious economic system. But the experts, amateur and professional, have other views. They think the poor must be firmly handled—for their own good, of course. They believe that large numbers will abuse the provisions of social security if they are given the opportunity. . . . When they come into action, there will be discontent—but the experts mean to be firm. . . ." (*The Democrat at the Breakfast Table*).

Of course: Once the community is committed to a plan, departure from it is likely to be as disastrous as departure from the design of an engineering project. Sticking to the design has, however, a strong inherent appeal to the expert, especially if he is the author of the plan. Unlike the proletarian, his interest and his work coincide.

There is a silent alliance between the expert and the intellectoid. The latter, well exemplified by the Pink journalists, builds beautiful word-pictures of a state which he calls Socialism. There is no denying the beauty of the picture, and quite naturally the workers vote for Socialism. The expert says nothing. He knows what Socialism is; and he knows that his business is to carry out orders. And when he is ordered to bring Socialism into being, he attends to his part of the business; it is not his business to correct any misconceptions, except in practice.

Among the experts must be classed the Big Businessmen. Large monopolies require knowledge and specific skill and experience for their management; and their managers are indispensable. Socialism, both in theory and in practice, consists of a set of huge monopolies under the co-ordinating

monopoly of the State, and those monopolies can be run only by those who know how—those who run them at present. Consequently, as Major Douglas puts it, Socialism will install the Trust magnate in the bureaucrat's seat, with the added advantage that he will have no shareholders to concern him. The war—not to mention P.E.P.—revealed the best of understandings between the socialist bureaucrat and Biggest Business. They both propose to eliminate the smaller—the independent—business.

This aspect is easier to grasp from a consideration of profit. The enormous profits of Big Business are meaningless in terms of individual spending power; human capacity for personal consumption of the product of industry is very strictly limited. Big profits really mean *power*, and are used, through investment, to achieve and consolidate monopolies. Now the technical essence of Socialism is exactly the same thing; it is monopoly control of investment, to produce development in accordance with a monopoly plan.

Here indeed is the key to the whole situation. It is a fact of observation that industry moves ever in the direction of organisation into larger units. It is also known that the expressed policy of, in particular, the Bank of England has been the encouragement of such organisation. Now industry is dependent on the continuous provision of fresh money, which takes the form of an expansion of bank credit, reflected by an increase of debt. The reason for this can be demonstrated mathematically: but here it is sufficient to draw attention to the fact, which can be confirmed by the observation that bank deposits, and total debt, show an absolute increase each year, and that this increase is most rapid when industry is most active, as especially during the war.

Clearly, the dependence of industry on the provision of bank credit—"accommodation" as it is called—places the banking system in a position to control the policy of industry. Thus financial policy could be directed either to promoting or to opposing monopoly development, simply by the preference shown in advancing the necessary credits. Or to put the matter another way, it is not really conceivable that monopoly development has occurred in the face of financial opposition.

But in just the same way, Governments are dependent on financial policy, because they too are dependent on "accommodation." And it can at once be observed that Governments equally for many years past have followed a monopoly policy, which takes the form of more and more Government "control," and an increasing sphere of Government activity. Just as industry squeezes out the small man, so Government squeezes out the voluntary and independent organization.

Thus we have one policy operating through both industry and Government, and the logical end of it, already nearly consummated, is the amalgamation of industry and Government, and the identification of Finance with Government. That is precisely what Socialism is: the concentration of all forms of power in one set of hands.

It is merely absurd to suppose that a Government of green-grocers, engine-drivers, school-masters, journalists and Bloomsbury Pinks will form or ever have formed the *effective* Government. The administration of the huge complexity of ultimate monopoly will be possible only to highly trained experts, and those experts are, of course, those who are at

present administering the system. They will form the General Staff of the bureaucracy, the directing brain: and having achieved and consolidated supreme power, it will obviously be merely a matter of expediency whether or not they retain the titular "elected" Government. If they do, it will be simply as a propaganda device, a sort of Public Relations Office, which is exactly what the Russian single-list Parliament is.

In the meantime, the green-grocers, school-teachers *et al*, who doubtless believe they initiate policy, are where they are simply because their ideas happen to be in accord with the policy which is going to be pursued anyway so that they form the best possible cover for the real point of origin of that policy. That is why our "Chif", the financial wizard, is affectionately known as "the voice", and our Bert Evatt, is the wonder-boy of UNO. The tune would soon change, as it did with Lang, if they proposed to depart from the current canons of finance.

It is of extreme importance to realise that it is not profit as such which the "Capitalist" prizes; it is power. Of course there is exploitation of the worker, and that exploitation is in the interest of power—self-aggrandisement through the subordination of others. It is a purely arbitrary circumstance that for the time being, that subordination is achieved through money-power. The prime concern of the wielders of power is to make their position impregnable. Socialism represents, in theory, an impregnable power-system, and its imposition on Society, through the deception of its intended victims, is exactly what one would expect.

Subordination of others means making those others do what you want them to do. Now if modern industry concentrated on the production of consumers' goods, it would rapidly bring about a condition where the requirements of the population were satisfied with a small and decreasing expenditure of human effort, which would be reflected in what, by present standards, would be ridiculously short working hours. What are the people going to do with all their spare time under these circumstances?

The answer of Socialism is that they are going to be put to work on "projects" which have no immediate relation to the standard of living. Working for an excess export trade; public works; maintenance of armed forces; war; altering the face of the globe by vast engineering projects—all these are of a piece. They are all means to sustaining "full employment," and they all figure in the Socialist planned economy. And they gratify the lust for power of the planner, and are carried through by the exploitation of the worker. They rob him of free time.

The genuine alternative to Socialism is thus a system which grants to the worker the free time which modern industry makes possible. It can be seen at once that such an alternative receives no publicity whatever. Capitalism is criticised because it fails to provide "employment," and the only argument permitted is as to whether Capitalism can be so modified as to provide "full employment," or whether Socialism, whose primary assumption is "full employment," is inevitable.

While perhaps the sort of detailed exposition of the necessary and objectionable consequences of Socialism that Professor Hayek makes* is necessary at some stage, in the

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**The Road to Serfdom.*

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FROM WEEK TO WEEK

The *Pocket Compendium of Australian Statistics* (1974) reveals that Company Tax accounted for 17% of Australian Government receipts, Excise Duties 13% and Sales Tax 8%—a total of 38%—in 1972-73. These also represent 15.3% of private consumption expenditure. These taxes represent an increase in prices of goods, and since they are proportional to basic costs of production, they increase with costs and hence tend to accelerate inflation.

The Australian Government—like almost all governments in industrialised countries—derives a part of its revenue (15% in 1972-73, more than double that of the preceding financial year) from what the *Compendium* euphemistically calls "Financing items", which for the most part represent 'borrowings', which again for the most part represent the creation of new money (credit) by the banking system. 'Reflating' the economy means the expansion of the money supply—partly by financing the expansion of industry through trading bank 'loans', and partly by issuing Treasury bills and notes, and Government securities, which help finance 'Full Employment' through public works and the expansion of the bureaucracy to create 'jobs'. Since this expansion does not increase the 'cake' of production, it is directly inflationary. (Financing the expansion of industry is indirectly inflationary—see booklets referred to hereunder.)

The sudden cut in Sales Tax on motor vehicles announced on January 29 is the equivalent of a partial negative Sales Tax, or subsidy towards reducing the price of motor vehicles—one of the fundamental principles of the proper use of the social credit which has been advocated in Social Credit literature for over fifty years (see T.S.C. December, 1974). Since this reduction in price is not being paid for out of taxation (since taxation at the moment is being reduced) it is clear that it is being financed out of "Financing Items"—i.e. out of the general credit of the community—the social credit. It is true that this reduction of Sales Tax has been announced to be a temporary measure only; but if in the meantime it effects a reduction in the prices of cars to consumers, it will have demonstrated the practicability of what we call "compensating" prices by means of a credit subsidy to offset the effect of accumulating costs resulting from mounting depreciation and overhead charges (additional to wage-costs) which drive total costs, and hence total prices, ever upward.

These matters—the fundamental proximate cause of inflation, and possible mechanisms for its reversal—have been discussed in relation to the contemporary situation in the two complementary booklets *Alternative to Disaster* and *Freedom and Inflation*. The partial adoption (more or less under economic duress) of one of the fundamental principles of sane economics creates an unexpected but perhaps crucial opportunity to draw attention to these principles, and thus transform a theoretical analysis into a practical demonstration of their validity. What is required is not the re-imposition of higher rates of Sales Tax, but the progressive extension of 'negative' Sales Tax. Industrial management has been given the greatest opportunity ever (and almost certainly the final) to take a stand in Australia to provide an example to the world of how inflation can be reversed. Our readers can assist by endeavouring to place the booklets referred to in upper levels of management. No election will save us, but a re-orientation of industry's approach to the problem of economic 'management' might. Disaster is just round the corner; but the alternative is, for the first time, in actual sight: *Quod erat demonstrandum*.

The Council, the Church and the World

Plans for the Fifth Assembly of the World Council of Churches, due to take place in Nairobi, Kenya, from November 23 to December 10, are grinding ahead and include Lent studies for the Anglican Church. We read that "the estimated 2,500 Assembly participants will include 700 delegates from 271 member churches in ninety countries (a record) plus advisers", etc., etc. (*Church Times*, January 3, 1975). Dr. Potter's massive circus was originally destined for Jakarta, but the Central Committee changed the venue for fear that the Assembly might "create problems" for the local Christians and damage relations between them and the Muslims. So Indonesia was spared.

Mr. Jurgen Hilke, Director, Department of Communication, WCC, wrote to *The Times* as long ago as October 25th to explain that of the four million or so pounds required by the WCC for 1975, only 3.7 per cent would be spent on combating racism. He explained that "The task of combating racism in all parts of the world is a central part of the world council's work, but it forms part of a total WCC commitment to the wholeness of the Gospel."

While the ordinary Christian objects vigorously to support for terrorist groups—and may well have suffered from the local IRA guerillas—he will no less oppose the way in which the 96.3 per cent of the millions is spent. Dr. Beyerhaus, who attended the Bangkok Conference on World Mission has called it a "masterpiece of manipulation", and the Bishop of Iran, also present at Bangkok, complained that very few of the 330 delegates were grass roots workers or clergy from local groups. It was a "totally unrepresentative body" (*East-West Review*, May, 1974).

For the "religion" that emerges from these carefully prepared conferences resembles Marxism to an uncanny degree, and the intrusion of Marxism into the Christian ethic has split the churches down the middle. On December 13, 1974, the *Catholic Herald* published an article by Cardinal Mindszenty in which he described his arrest on December

26, 1948, and the brutality which was shown him. On December 22, the *Observer* published an article by the former Jesuit priest, Peter Hebblethwaite, which showed how the Cardinal was dismissed in the interests of Archbishop Casaroli's diplomacy. But the Polish Cardinal Wysinski could not be so easily disposed of.

Some church-people have felt that the Church's sole concern should be with the salvation of the soul, yet the Church embodies authority for the affairs of this world as well. It should be recalled that the Church advocated the Just Price, abhorred Usury and commended Partnership, the sharing of risks, gains and losses. And it encouraged the ownership of private property as the only way to freedom from tyranny. The doctrine of the Just Price in modern terms means that purchasing power should be sufficient to buy what is produced, *not chronically insufficient*. The banning of "usury" means that finance should be servant and not master. Partnership shows that business profits are as legitimate as business losses, while the right to property gives meaning to personal freedom. Such an outlook, based on a Christianity that has worked, challenges the premises of Communism and would lead the Church to be an "Authority on the Mills of God."

Yet the WCC advocates control and aggression ("liberation") rather than freedom and peaceful growth. It approximates to the ideas of the movement called "Christians for Socialism", on whose behalf Gonzalo Arroyo S. J. contributed an interview to *New Blackfriars* (Nov., 1974). In the course of this he requires a Church "in solidarity with the interests and struggles of the workers", and demands that Christians show "*that the Christian faith can and must become more and more at home in a socialist option*", even if it cannot become enclosed within that option" (author's italics). Work, at the direction of others, and not leisure is the aim of existence in this "Christian"-socialist paradise.

In brief, it is time that the Church, with its massive intellectual resources and long experience, should no longer allow the unrepresentative WCC tail to wag the dog. And it might note that the Rev. G. Arroyo quotes as his authority Robert MacNamara, President of the International Bank for Reconstruction and Development. He and Fr. Arroyo "participated" in a symposium on justice organised by the Overseas Development Council at Aspen, Colorado, in July, 1974. Financiers and socialists understand each other especially on the subjects of employment and control. The dog needs to resume direction of its own tail and possibly to shake off a few parasites. —H.S.

The Background of Socialism

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larger picture it is rather beside the point. The radical alternative is simply whether individuals are to be allowed to be individuals, making their own decisions, and making what they can of their own lives, with the fruits of modern industry at their disposal in return for their own decreasing efforts, or whether they are to be compelled to live in accordance with an imposed pattern. There is a great incompatibility between the physical possibility, and the imposed ideal. Those who believe that "for their own good" men should be forced to work, will have to use—force. Or else

they will have to destroy the physical basis of possible leisure.

It is not the theory of Socialism that requires exposure. Socialism is the means by which those who impose on Society an arbitrary ideal propose to render their exalted position impregnable. It is the plot of the Financier to enslave in perpetuity the worker. With the greatest cunning and treachery it makes use of the vague and abstract ideals of masses yearning for freedom and the fuller life to impose servitude on them. It is genuinely reactionary, for it reacts against that possibility of freedom. Criticism of the technique of Socialism will make little difference; what is required is a challenge to the power of its promoters, *and their exposure*. This can be done, through the local objective campaigns, details of which may be obtained through the various Social Credit affiliated groups.

The Alternative to Disaster

By BRYAN W. MONAHAN

The purpose of this little book is to exorcise a set of misconceptions by showing their relation to our present troubles and discontents, and to indicate that a re-formulation of current problems from a realistic rather than an axiomatic position points quite clearly the way to the solution.

Not the details of, but the approach to these problems is of vital concern to everyone as we head for apparently unavoidable disaster. Inflation is the jet-propellant of this Gadarene rush. To know, in the sense that we know now that the earth revolves on its own axis, that inflation is simply the technique of a policy of deliberate totalitarianism, wonderfully clarifies our view of what can and must be done if we are simply to survive in our present way of life, and achieve a higher civilisation in the future for our children.

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Freedom and Inflation

By BRYAN W. MONAHAN

Inflation has been officially (for example, by Lord Rothschild and President Ford) designated an enemy. Of course, it is nothing of the sort. Inflation is an instrument of policy, and the enemy is the group ultimately responsible for the policy which is producing disaster and threatens catastrophe. The technical solution to inflation is quite simple, and is undoubtedly understood but opposed in higher financial circles whence international monetary policy originates—a position of immense power. The elimination of inflation requires a challenge to that power. The essential facts concerning the mechanics of inflation, and the accountancy modifications which would eliminate it, are outlined in the booklet *Freedom and Inflation*. If this can be brought forcefully to the attention of business leaders and others obviously concerned with the ridiculous and dangerous situation developing daily in what should be this increasingly prosperous and happy land, and if it can be made known to politicians that the excuse of misinformation will no longer suffice as chaos increases under the pretence of 'mismanagement', the fate now so imminent may be averted. Totalitarian enslavement is the alternative—inevitable unless informed public opinion becomes effective.

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