

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

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The Crime and the Cure

(Continued)

VI

THE CRIME...

...Is the wilful misuse of the financial system to maintain a condition of economic scarcity in the face of the industrial arts leading to cumulative abundance. In the words of C.H. Douglas: "Considered as a means of making people work (an aim which is common both to the Capitalist and the Socialist Party Politics) the existing 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 (1924) the world in general, and Europe in particular, is undoubtedly settling down to an intensive policy of production for export, which must quite inevitably result in a world cataclysm, urged thereto by what is known as the Unemployment Problem".

THE CURE

Sixty years ago the need for a cure could have been avoided — or so it seemed. A simple modification of the financial system promised "the emergence into the full light of a day of such splendour as we at present can only envisage dimly." (Douglas).

It has become clear in retrospect that the required rectification was wilfully opposed — by the deliberate inauguration of the Great Depression, and the promotion of World War II — as Douglas foretold.

But there is still the chance of a remedy — a last chance. If enough people can be brought to see the economic reality in physical terms, and to demand implementation of a policy in accordance with that reality, we may yet be saved. In the meantime, our progress towards disaster is perceptible from week to week. Remember, if you can, 1929 and 1939.

(1) In any country such as Australia we can see that we have more than sufficient food-stuffs, materials and skills to provide food, clothing and homes for every family in the land. Poverty in food and clothing could be abolished at once, and the provision of homes consummated in a few years. This is unquestionably a physical possibility, and if it is not being realised, it is because there are people powerful enough (through their control of finance) to prevent its being done. Finance is only the mechanism of a policy, and the mechanism can be changed to accommodate a change of policy. Distribution of sufficient purchasing-power to

draw on the productivity of the country by all its citizens as a birthright is the first step to freedom.

(2) Because of the profound damage that has been done to the social order since 1918, some adaptation of the ideal policy is now required.

"Full employment" for everyone from school-leaving to age of 65 is, in an industrialised community, simply the contemporary form of slavery. Men and women are compelled by the threat of poverty to do the work that machines can do. On the other hand some, though a diminishing degree, of human employment will remain essential for the foreseeable future. But such employment can also be regarded as a vocation and a privilege.

(3) In the present state of society, the above considerations could probably best be met by retiring, *without financial penalty*, such a sufficient number of those employed below the age of 65 downwards as is required to provide employment for those who have completed their education and training and require employment opportunity.

It needs to be recognised that much employment under modern conditions is full of interest and offers the prospect of a self-fulfilling career. Thus would be engendered a spirit of competition and increased efficiency, which would over the years lead to earlier retirement. We would have opportunity for the young, and a comfortable and secure leisure for the more elderly who had completed their tour of duty to society.

(4) As noted earlier, the correct relationship of a citizen to his country is that of a shareholder, not of an employee. In the best sense, employment should be regarded as a privilege rather than as an obligation, although the obligatory aspect will need to remain until social morale is restored and spiritual values are re-incarnated in society. But the share-holding aspect could be realised by the payment of a dividend to all citizens (including payments to parents on behalf of their children, enabling independent choice of educational facilities as opposed to state-controlled schooling and indoctrination) who do not disqualify themselves by criminal or other anti-social activities, or who refuse employment when required.

(5) Money, as has been shown, has no inherent value. But it has a use-value, which is defined as its *purchasing-power per unit*. This purchasing-power is relative to the cost-structure of prices of goods for consumption, which is determined by well-known accountancy procedures. Thus a motor-car of a given type costs more than a motor-cycle of a given type which costs more than a bicycle, etc. So long as this relativity is preserved, it does not matter what "value" is assigned to a unit of money.

But as wages, salaries and dividends are grossly inadequate to discharge the cost of articles available for consumption, the *price* of such articles needs to be discounted to equal the total price of

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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.

Culmination

In the spate of apparently learned, and certainly contradictory, commentaries on the situation disclosed by the Soviet Russian expansion into Afghanistan, it is fatally easy to be beguiled into the belief that it represents a conventional military confrontation between 'America' and 'Russia': the beginning of World War III.

But as C.H. Douglas repeated in the latter years of his life modern wars are, in the words of Clausewitz, "the pursuit of policy by other means". That is to say, wars are prize fights between the populations of A and B for the benefit of C, the Promoter.

As for the *objective* of the continuing policy, Douglas stated it categorically shortly after the outbreak of World War II in the following words, and with his emphasis:

THERE EXISTS 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 BE 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 GREAT BRITAIN.

This objective can conveniently in historic terms be identified in the documents seized by the Bavarian Government in 1786 from the secret society known as The Illuminati. These disclosed a plan to overthrow all the governments of Europe, with the intention of establishing a New World Order: *Novus Ordo Seclorum*. The same plan, rewritten and brought up to date, appeared again in Russia in 1897, and was published in translation in England in 1918 under the title of *The Protocols of the Elders of Zion*. It appears also as the *Theses and Statutes of the Communist Internationale*, and can be recognised in the evidence disclosed in the Canadian *Report of the Royal Commission* (1946) into espionage.

An address by Professor Arnold Toynbee, given in Copenhagen in 1931 and published in *International Affairs* — the Journal of the Royal Institute of International Affairs — Nov. 1931 is clearly inspired by the same objective:

"... It is just because we are really attacking the principle of local sovereignty that we keep on protesting our loyalty to it so loudly. The harder we press our attack upon the idol, the more pains we take to keep its priests and devotees in a fool's paradise, lapped in a false sense of security [*detente*] which will inhibit them from taking up arms in their idol's defence.

"In plain terms, we have to re-transfer the prestige and the prerogatives of sovereignty from the fifty or sixty fragments of contemporary society to the whole of contemporary society.

"... I will not prophesy. I will merely repeat that we are at present working discreetly but with all our might, to wrest this mysterious political force called sovereignty out of the clutches of the local national states of our world. And all the time we are denying with our lips what we are doing with our hands."

Then in 1974 the Council on Foreign Relations, the U.S.

counterpart of the R.I.I.A., disclosed in its Annual Report its "1980 Project", with the aim of "nothing less than the creation of a new global political and economic system to replace the existing one by far the largest operation at the Council strategies will be developed and implemented to achieve Council goals." (See *T.S.C.* Nov. — Dec. 1978)

Along the thread of this continuing policy are threaded like beads the Revolutions of 1793, 1848, 1871, 1905, World War I, the 1917 Bolshevik Revolution, the post-war subjugation of Great Britain to U.S. financial interests, the Great Depression of 1929, World War II, the joint U.S.-U.S.S.R. military establishment of the Zionist State of Palestine as a geographical centre of World Control with New York as the Centre of World Financial Control, the Chinese Revolution, the bisection of Europe, the destabilising of India and Africa, the Korean no-win War, the Vietnam no-win War, the Cuban Revolution, and the granting of apparent strategic superiority to the Soviets by the U.S. through the provision of credits, food and other strategic supplies and advanced technology; arms limitation by the U.S. and a spurious *detente* ridiculed by the Soviet advance into Afghanistan towards Pakistan.

All this adds up to a Supra-national Conspiracy, and to treat it as anything less is a prescription for disaster. It is nonsense to suppose that the Kremlin had not anticipated a retaliatory boycott before moving their forces into Afghanistan under highly unfavourable climatic conditions. This proposed boycott, as the Kremlin (and its C.F.R. confederates) would have foreseen, as it now can be seen to have done, add to the party political squabbling in the trade-hungry 'Capitalist' countries. And so it has turned out. Disaster in the circumstances is either irremediable, or at best a set back of hundreds of years in mankind's advance towards emancipation from Want.

An integral part of the conspiracy is planned depopulation. It occurred in the French Revolution, in Russia, in China, in Kampuchea, and in Africa on the do-it-yourself principle by the provision of lethal weapons to facilitate inter-tribal slaughter. In principle, the same applies to India, where conditions are vastly worse than under British colonial administration.

It seems probable now that there will be a Third World War — sufficient of it anyway to inflict defeat on the Americans, so that drastic steps can be taken to 'punish' the 'aggressors'. The deliberate precipitation of a universal world economic collapse — evidently now in preparation — may well be the trigger.

Central to this vast conspiracy is the role of International Finance. If individuals received incomes sufficient to draw to their own satisfaction on the immense productive capacity of labour-saving industry as a right and not as wage-slaves, they would not be amenable to the intensifying governmental and bureaucratic control to which they are subject under the plea of "economic necessity" or "better economic management". Taxation and inflation are calculated robbery, designed to promote and intensify social disorder.

There is no prospect of a military *solution* of the present situation. We are at the culmination of a centuries-old conspiracy; and salvation, if possible, lies in recognising that fact, and striking at its nerve-centre — the International Financial System. Individual security and sovereignty reside in individual *economic* security — at last in this century made *possible* by the miraculous evolution of the labour-saving industrial system

Hence the Campaign For Economic Democracy.

In C.H. Douglas's words: "We are more than ever, if possible, convinced that a falling price level, without loss to producers and entrepreneurs is the very core of social and industrial pacifi-

ation. And we are equally convinced by 30 years' specialised experience and observation that the coterie which is at the core of world unrest knows it too, and is determined at whatever cost, extending to the complete destruction of civilisation, and even of the terrestrial globe, it will not have that solution, which would automatically wrest power from it as nothing else would."

(For further reference see "Zimunism" *T.S.C.* May-June, 1977 and "A Social Credit Perspective" *T.S.C.* Nov.-Dec. 1978).

THE CRIME AND THE CURE

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goods on sale to the quantity of purchasing-power in the hands of the community. This can be done with the necessary precision by applying a price factor in the form of a price-reducing subsidy to reduce prices *at the point of sale*. This factor is:

$$\frac{\text{Cost of total consumption + depreciation}}{\text{Cost of total production + appreciation}}$$

Since the rate of consumption is always less than the rate of production, this factor is always less than 1 — or, in index terms, a fraction of 100. Thus the discount would be a percentage of the price of an article. Being a variable, the price factor would act as a sort of governor, equating purchasing-power to the physical facts of consumption/production.

(Total consumption includes cost of all consumer spending, charges on account of depreciation of plant and buildings through wear and tear or obsolescence; and value of raw materials, agricultural products and manufactures *exported*.)

Appreciation includes value of all new production, consumable or capital, including public works; increased availability of raw materials and other resources, and all *imports* of goods and materials.

Statistics relating to these matters are of course available; it is simply a matter of setting them out as a ratio. Since production as defined is greatly in excess of consumption, a reasonable approximation for price-factor determination is sufficient in the first place. Greater precision would be acquired as the price-subsidy came into operation.

It should be noted that price-discounts to increase turn-over or to clear stocks are quite commonplace and effective, but involve a degree of loss to the entrepreneur. The national price-subsidy, however, involves no loss; it merely compensates an accountancy anomaly in valuing production.)

(6) Money has come to have such a hypnotic effect on society that the question always arises: "Where would the money come from?". The answer, so hard for some to grasp, is quite simple: from the banking system.

When a customer applies to a bank for a loan, if he obtains it he does not as a rule receive a lump sum of cash. He receives authority to write cheques in excess of any deposit he may have with the bank which the bank will "honour" up to a limit determined by the bank's estimate of the client's ability to repay the "loan", plus interest, within an agreed period of time. If the client now writes a cheque to purchase say a machine tool, the vendor will bank the cheque, which will appear in one bank or another as an additional deposit. At the same time, the value of the cheque will appear as an *asset* in the issuing bank's books. *Nobody's account has been reduced*, because no "money" has been loaned.

This is the way in which by far the greater part of a country's "money-supply" comes into existence. The "money", of course, depends for its efficacy not on any mythical relationship with gold or anything else other than the ability of a country to operate as an economic entity by the production of *wanted* goods and services with a minimum of waste of materials and energy, human or mechanical. "Making" work to "create" employment is unec-

onomic, stupid — and malevolent, springing from a Puritanical conception of society.

Viewed in this way, money can be seen to be a licence to act. Control of the money supply is control of the licences.

Now bearing all this in mind, it should be simple enough to grasp that a Department of, say, the Reserve Bank of Australia should be authorised by Statute to establish an *Account* to be called, for example, the National Resources Drawing Account (NRDA), and this would be precisely equivalent to the establishment of an overdraft. Its "limit" would be a proper estimate (i.e., based on statistical observations and forecasts of current productive capacities) of a country's ability to deliver goods and services over a given period of time — say a year. It could be a percentage rate on the capital value of the country's resources as described in Section III herein. An estimate could be based on an evaluation of energy consumption in terms of man-power-wage-rates. For Australia this yields an income of the order of \$800,000 per household per annum. This, of course, is far greater than is required to rectify the economy to reflect the economic fact of abundance.

This fund would be used (to meet immediate necessities) as follows:

(a) To finance earlier retirement *without financial penalty*. It should be noted that since it would be guaranteed for life, and as inflation would be reversed (i.e., increasing purchasing power of all incomes), savings and hedging against inflation would not be necessary. In the event of the death of a spouse, the retirement income would be continued *pro rata* for the remaining partner. At the present time those to be retired would probably be those over 53 years of age.

(b) To pay child-endowment sufficient to provide food, clothing and education for dependent children to the completion of education.

(c) To meet all claims normally covered by insurance, with normal precautions.

(d) To subsidise a reduction of prices of consumer goods at the point of sale in the ratio of

$$\frac{\text{money cost of total consumption + depreciation}}{\text{Money cost of total production + appreciation}}$$

This ratio would take some time to establish accurately. However, as household expenditure for 1976-77 was \$47,704 million, if we set 25 per cent. of this sum we get the amount \$11,900 million, 14.5 per cent of the Gross Domestic Product in that period. But the purchasing-power of the household expenditure of that period would be increased to the equivalent of \$63,500 million. An increase of wages, etc. to bring them to \$63,500 million, on the other hand, would appear in *future* costs and thus increase inflation in the subsequent period; whereas the subsidy not only prevents such inflation, but reverses it.

It must be realised that those proposed to be retired are, while in employment, responsible for a definite proportion of consumption, which would be greater than that of an equivalent number at the lower end of the work-force. But so long as there is a surplus productive capacity, there is no reason why, on retirement, that proportion should not continue to be available.

And it must also be recognised that by increasing employment by increasing the level of non-productive employment, as by increasing the bureaucracy, both government and private, the demand on productive capacity will be increased without the new employees contributing to it, which again is likely to accelerate inflation. As more and more of such "work" is being transferred to computers and automatic machinery, this is a real economic factor of consequence.

Similarly, employment increased to achieve an export surplus of real goods simply increases the money supply in relation to the

goods remaining, and in the conventional sense, is inflationary. It is not physically necessary, and it is in fact either stupid or Satanic to import money to buy our own production. You do not use Chinese money for your purchases — you use Australian — by Law.

The National Resources Drawing Account, while being of the same nature as a bank overdraft, differs from the latter in that it is not repayable directly to the bank. So what happens to that "money" created by operating on the overdraft? Ultimately it is spent on consumption by individuals (consumption representing a wide range of purchases, from food to consumer durables). But the retailers who receive the money representing purchases, transmit a large part to the wholesalers, who in turn transmit a proportion to the manufacturers, who replenish their wages funds (part of their "working" capital). Now this is a crucial point. The manufacturer in effect regards wages as loans to his employees, to be returned through the route described above. When received back (in about two months on average), he "re-invests" this money by paying out another round of wages, thus initiating a new set of costs which will appear as part of the prices of future consumable goods, to be recovered as above. Wages are like a wheel rotating continuously, each spoke occupying the same place in the cycle each two months.

The manufacturer, however, uses only a portion of his receipts in this way. Another portion goes to his suppliers of raw materials, another say to the manufacturer of components (semi-manufactures in relation to final consumers' articles, as of motor-vehicles). And finally, since his own machines wear out or become obsolescent, he writes-off a part of their value as a depreciation charge and (in theory at least) "saves" the money against the purchase of new or replacement machinery. Or, probably more commonly, having bought the original plant by means of a bank-loan (direct or indirect) against debentures, he repays part of the "loan", thereby cancelling the "money". But all this is all only a method of book-keeping, anyway.

Well, if this is what happens, how does the NRDA get back the money it used on retirement allowances, etc.? The answer is — it doesn't. That money has been extinguished, as described. It represents past history, like the page of a book turned over. What happens next is that the NRDA is replenished, against the estimated value of the next year's production. That is to say, the "limit" is continuously extended so long as production *in toto* exceeds consumption *in toto*, as it always does and always will, short of a catastrophe. This extension of the limit in turn means that consumer prices can be further decreased, with a consequent increase in purchasing-power without the necessity for an increase in wages.

All this would be the beginning of the end to the social evils which be-devil us, and threaten spread of the catastrophe already manifest in Kampuchea.

VII

Where does all this get us? Nowhere, unless *action* is taken to rectify the distorted economic system. And it will have to be grass roots action. We need *economic* democracy to balance *political* democracy.

Economic democracy would mean that basically the money-supply would be in the hands of the community; and that out of that supply, a proportion would be voted by Parliament to finance projects of which Parliament, representing the community, approved. The money so approved would be "subscribed" by the equivalent of a sales-tax, which would mean in practice the reduction of the price-subsidy to consumers, the difference be-

coming government revenue. All other taxation would be abolished.

All that matters is to grasp firmly and clearly that in a country like Australia or Canada the Age of Abundance exists, but is being denied to us, the citizens of our country and the heirs of our fathers, grandfathers.... Now if you believe that it should be denied to us, then the action to take is to wreck the industrial system, as the apostles of revolution are doing. Inflation and penalisation suit their book admirably. So does the consequent social disorder, strikes, violence and intimidation. But if you want "life more abundant" you will have to go after it. And the road is through your Member of Parliament.

Your Member of Parliament of whatever Party, once *elected* becomes your *Representative* in Parliament. His duty as such is to represent the fundamental common requirements of the majority of his constituents. If you, and as many others who agree with you and who will find others of like view, can impress on your Representative that it is your combined *will* that since we *demonstrably* have already the resources to provide every family in the country with food, clothing and housing and more besides, it must be the top priority of the Government to establish the mechanism to *ensure the distribution* of that "abundance"

President Franklin Roosevelt was once accused of yielding to pressure: to which accusation he very properly replied: "It is my business to yield to pressure".

A Government's top priority is to remain in office. To do so, it will yield to pressure from a majority of its supporters in Parliament.

A Member's immediate priority is to remain a Member. He will yield to pressure from a majority in his electorate — either his will, or one of his opponents will.

So there is a potential chain of cause and effect waiting for you to set going. This could be realised in practice by a chain-letter campaign, as well as by word of mouth.

Since it is physically possible to abolish poverty in this country, you must *will* that it be done. First things first: Food, clothing and homes for everyone.

If the cost of that "first" is less *total* employment, it is not a cost, but a *bonus* — the bonus of an increased leisure. Why does the worker strike for a shorter working week? For added leisure. Then why not a demand for a shorter working *life*, to have full leisure at an age to enjoy it?

It is *not* Full employment that we want; it is just sufficient employment to enable the industrial machine to deliver the things we really want with the least bother to ourselves. Why do you buy a washing-machine? — So that you won't have to spend half the day standing over a wash-tub and wringer.

Individuals buy as much labour-saving equipment as they can afford — for their own good reasons. Industrial production is just those good reasons generalised. You don't buy several washing-machines to keep yourself employed using them — one is enough, just as, in the words of a famous comedienne, "a rose is a rose is a rose".

You are being led by the nose is a nose. It is time to say the "noes" have it.

It *must* be done. If it is not, the system will collapse. It will collapse in war or revolution, and no one can say what will follow. Another Kampuchea? Another Gulag Archipelago?

The *Crime and the Cure*, here concluded, is being published as a booklet. As it was written prior to the Soviet Russian expansion into Afghanistan, a reprint of "Culmination" from page 2 will be included as a Supplement. Copies will be available in two to three-months time from K.R.P. Publications Ltd., 26 Meadow Lane, Sudbury, Suffolk CO10 6TD.