

THE SOCIAL CREDITOR

FOR POLITICAL AND ECONOMIC REALISM

Vol. 59 No. 5

SEPTEMBER-OCTOBER, 1980

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 dominated by Jewish "Elders" – 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 this 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.

"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 gentile 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. Theodor 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

THE CRIME AND THE CURE

With a supplement entitled *CULMINATION*

55p posted from

BLOOMFIELD BOOKS

26 Meadow Lane, Sudbury, Suffolk

(Agents for K.R.P. Publications in respect of books sales only)

When 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 forbears 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 underdeveloped 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, there 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.

Those Who Are Not For Us Are Against Us

By C. H. DOUGLAS

(Originally published in *The Fig Tree*, December, 1937)

To those interested in such matters, the mainly repulsive tribal rag-bag known to the general public as the Old Testament, and to the Jews, in part, as the "Torah" (the Law), is a veil, probably itself much mangled, to a treatise legible only with the aid of a key. Origen, most scholarly of the Early Christian Fathers, as quoted by Dunlap, remarks, "If we hold to the letter, and must understand what stands written in the Law, after the manner of the Jews and common people, then I should blush to confess that it is God who has given these Laws: then the laws of men appear more excellent and reasonable". The "Zohar", the chronicle of the early Jewish Rabbis (III folio, 1526), says, "The recitals of the Torah are the vestments of the Torah. Woe unto him who takes this garment for the Torah itself".

Now it is becoming evident from many sources, such as *inter alia*, the excellent studies of Cromwell (whose real name was Williams) and of the Stuart Kings, which have appeared from several pens in the last few years, that there is the closest relationship between the type of so-called religion which delights in the savagery in the Old Testament, read literally, and the financial tyranny under which the world is groaning, and through which it may yet be wrecked for centuries to come. Cromwell himself was the nephew of a rich moneylender and was financed by Manasseh-ben-Israel as well as by the English Whig bankers. His sour-faced Praise-god-Barebones soldiery justified their atrocities and vandalisms by reference to Old Testament barbarity. William of Orange was alike the nominee of Lutheran-Calvinistic preachers and "Dutch" Finance, and the Georgian era is outstanding for its coarseness and brutality. The constitutional crisis still fresh in our minds was notable for a prelate's public utterances addressed to Old Testament prejudice rather than Christian charity, and skilfully utilised by Whig bankers once again. Scotland itself, whose present plight is one of the world's tragedies, stems, in its condition today, direct from John Knox.

Whether there is anything of practical consequence to be extracted from a decoded Old Testament I do not know—it is "not my pidgin". But that evil, cruelty and tyranny in the world derive no small part of their terrifying strength from the fact that they are interwoven with the philosophy of a book supposed to convey Divine inspiration in the form in which it is commonly read, I have no doubt whatever.

Equally, the devastating feebleness of so many well-disposed persons arises in great measure from a schism between a philosophy which was pumped into them in their early years and is still active in their unconscious minds, on the one hand, and an intellectual rejection of it, on the other. No one can act effectively against their unconscious convictions. That is why we see so much of what one may call St. Martin's in the Fields-ism, which the B.B.C. is delighted to broadcast—an impeccable protest against social symptoms which always shies off an indication of causes, more especially and completely, of the chief cause, the financial system.

The mediaeval preachers used to insist that religion which stopped short of actual conversion was like unto filthy rags. They had the root of the matter. Every attempt

to treat a symptom of the financial disease diverts attention from the disease itself. The Labour revenge-complex all-power-to-the-State-Party, with its "planning" and bureaucracy, is a great deal further from a Christian economics than even the Liberal *laissez-faire*, with all its abuses. Both are Whiggism: an assumption of moral superiority used as a cloak behind which to exercise authority in support of the hidden potentate, Mammon.

There are many readers of this review who are in despair at the revolting exhibitions of human frailty which are, so far as they are able, assisting the bankers against the Social Credit Movement. I do not share that view. The Devil does not waste time, and he is the Father of Lies. If the Devil were not active in it, there would be no virtue in the Social Credit Movement. But that is no reason why he should not be known for what he is. "They know not what they do" does not mean that nobody else shall know what they do.

Labels mean little. There is enough of the genuine spirit of Christianity in the world today, in the followers of every creed, to form the basis of a genuine democracy, and a genuine democracy can rest only on that spirit. But to that democracy, and to sound judgment, there is no more disruptive influence than a spurious "Divine Law". That there are passages in the Old Testament of high poetic merit, either in the original or in the beautiful language prevalent in English literature at the date of King James's translation, is unquestionable. But as a guide to life a book stands by its results. *Si monumentum requiris, circumspice*.

Extra copies of this issue are available at 3 copies for £1

THE SOCIAL CREDITER for July-August, containing Douglas's

SECURITY, INSTITUTIONAL AND PERSONAL
can be obtained at the same price.

Also available, at £2 posted, is a binding of numbers of
THE SOCIAL CREDITER from May, 1970 to December 1971;
176 pages of political and economical realism revealing
in retrospect the enormity of our present plight.

Send orders for these items to K.R.P. Publications Ltd.
26 Meadow Lane, Sudbury, Suffolk, England CO10 6TD.

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

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 £3.00.
OFFICES:—Business: K.R.P. Publications Ltd., 26 Meadow Lane, Sudbury, Suffolk CO10 6TD. Tel. Sudbury 76374 (STD Code 0787).
Editorial: Penrhyn Lodge, 2 Park Village East, London NW1 7PX. Tel. 01-387 3893.
In Australia (Editorial Head Office): 11 Robertson Road, North Curl Curl, N.S.W. 2099.

THE SOCIAL CREDIT SECRETARIAT

Personnel—Chairman: Dr. B. W. Monahan, 4 Torres Street, Red Hill, Canberra, Australia 2603. Deputy Chairman: British Isles: Dr. Basil L. Steele, Penrhyn Lodge, 2 Park Village East, London NW1 7PX; Telephone 01-387.3893. General Deputy Chairman and Secretary: H. A. Scoular, 11 Robertson Road, North Curl Curl, N.S.W. 2099.