

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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### COMING EVENTS . . .

In 1977, the Social Credit Secretariat published *Zimunism*, an Assessment of the world situation as it had developed at that time. The following passages are extracts from the Assessment which appeared first in *The Social Crediter* in May and June, 1977.

“*The Times* (1st May, 1977) reports that the Cabinet papers relating to Palestine and the British Mandate prior to the creation of the state of Israel, have now been released following complaints from Lord Bethel, the historian. The Cabinet Office ‘discovered that a fault in the inter-departmental machinery determining the release of documents under the 30-year rule was responsible. . . . The Cabinet Office has made clear that incompetence rather than any decision on grounds of sensitivity was responsible. . . .’” (from a footnote).

“In its issue for 3rd June, 1939, *The Social Crediter* began publication — three months before the resumption of World War on 3rd September — of a major work by C. H. Douglas: *Whose Service Is Perfect Freedom*. Chapter I reviews in then contemporary terms the central thesis of Douglas’s first book on Social Credit — *Economic Democracy* — ‘that centralisation of power over initiative as opposed to individual freedom is a persistent and conscious policy’ . . .

“Now a persistent policy — and in this context persistent means going back centuries — derives from a deep-seated philosophy; and in this case Douglas came to the reluctant conclusion, after close consideration of facts and less tangible evidence, ‘that there is a fundamental relationship between the troubles which afflict Europe and what is known as the Jewish Problem. . . .’

“‘I believe it has only to be pointed out to be admitted, however, that the sphere, in which the Jewish race operates so largely as very nearly to control it, is that sphere which in the Middle Ages was regarded as the sphere of Black Magic, but which we now term “suggestion” or “the psychology of the unconscious” and imagine that we are saying something modern and scientific.

“‘The outstanding instance of this is the hypnotism which has been exercised over the whole world by the financial system, so that almost without exception people have come to believe that bits of paper are more important than fields of grain, and figures in a book are a measure of the solid worth of a human individual and the only passport to a tolerable existence.’ . . .

“By the time Chapter VI of *Whose Service Is Perfect Freedom* was published, World War had been resumed. In this chapter Douglas wrote: ‘The real objectives of the 1914-1918 war were the Bolshevik revolution in Russia, the League of Nations, and the financial subjugation of Great Britain.’ We think that a further objective, the extraction of the Balfour Declaration from the British Government by the Money-Power in New York should be added. It was following this Declaration that the U.S. entered the war. The Declaration is not so much remembered these days, but of Lord Balfour the *Encyclopaedia Britannica*:

*Micropaedia*, Vol. I, says: ‘His most important action occurred on 2nd November, 1917, when, prompted by the Zionist emigrés Chaim Weizmann and Nahum Sokolov, he wrote a letter to the 2nd Baron Rothschild, head of the English branch of the famous Jewish banking family. The Balfour Declaration, pledging British aid for Zionist efforts to establish a home for world Jewry in Palestine, gave great impetus to the movement that eventually resulted in the establishment of the state of Israel.’

“There was a good deal more to it than that. In *Betrayal By Rulers* Prince Michel Sturdza, former Rumanian Minister, writes:

“‘The opening by the British Foreign Office of its confidential pre-1918 files show how the Zionist ideas had developed from the cherished imperial dream of a few individuals to the point of execution. In 1916 the military situation of Great Britain and France on the battlefields and the ocean routes was at its lowest ebb. That was the year when Chaim Weizmann and Samuel Landman, two influential British Zionists, finally succeeded in convincing the responsible British and French authorities that the best way, perhaps the only way, to induce the American President to come into the war was to secure the cooperation of the Zionist Jews, and then to mobilise their surprisingly powerful forces in America and elsewhere in favour of the allies on a *quid pro quo* basis. . . .’

“‘The Balfour Declaration of 1917 was the result of the secret agreement of 1916. It stated that the British Government would provide for the establishment in Palestine of a national home for Jews, “without prejudice to the civil and religious rights of non-Jewish communities existing there”. The last obstacle to Zionism’s full cooperation with the allied cause was removed with the fall of the Tsarist regime. And finally, in response to repercussions from the carefully prepared *Lusitania* incident, President Wilson consented to abandon his “too-proud-to-fight” posture and threw the United States’ might on land and sea into the war on the side of Germany’s enemies.’ (*Betrayal By Rulers*, 1976).

“L. Fry, in *Waters Flowing Eastward* (Third Edition, 1934 . . . later, revised and enlarged editions published by Britons Publishing Co., Devon), quotes from a letter written by Louis Marshall (President of the Jewish delegation at the Peace Conference) to Max Senior, an anti-Zionist associated with Rabbi David Phillipson: ‘The Balfour Declaration with its acceptance by the powers, is an act of the highest diplomacy. It means *both more and less* than appears on the surface, Zionism is but an incident of a *far-reaching plan*: it is merely a *convenient peg* on which to hang a *powerful weapon*. . . . All the protests they (non-Zionists) may make would be futile. It would subject them individually to hateful and concrete examples of a most impressive nature. Even if I were disposed to combat Zionism, I would shrink from the possibilities which might result.’

“‘Thus,’ writes Fry, ‘Zionism gained its ends: in Berlin

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## SOCIAL CREDIT PRINCIPLES

By Major C. H. DOUGLAS

The financial system, in its control over production, stands to the works or factory system of the world, considered as an economic unit, in the same relation as the planning department of a modern factory does to that factory.

The distribution side of the financial system exercises a function not dissimilar to that of the progress department of a factory.

No discussion of the financial system can serve any useful purpose which does not recognise:

(a) *That a works system must have a definite objective.*

(b) *That when that objective has been decided upon it is a technical matter to fit methods of human psychology and physical facts, so that that objective will be most easily obtained.*

In regard to (a) the policy of the world economic system amounts to a philosophy of life. There are really only three alternative policies in respect to a world economic organisation:

The first is that it is the 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; e.g., it is a system of Government. This implies a fixed ideal of what the world ought to be.

And the third is that the economic activity is simply a functional activity of men and women in the world; *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 functional activities.*

In regard to (b) certain factors require to be taken into consideration.

(1) That money has no reality in itself. That in itself it is either gold, silver, copper, paper, cowrie shells, or broken tea cups. The thing which makes it money, no matter of what it is made, is purely psychological, and

consequently there is no limit to the amount of money except a psychological limit.

(2) That economic production is simply a conversion of one thing into another, and is primarily a matter of energy. It seems highly probable that both energy and production are only limited by our knowledge of how to apply them.

(3) That in the present world unrest two entirely separate factors are confused. The cry for the democratisation of industry obtains at least 90 per cent of its force from the desire for the democratisation of the *proceeds* of industry, which, is, of course, a totally different thing. This confusion is assisted by the objective fact that the chief controllers of industry get rich out of their control.

The present world financial system is a Government based on the theory that men should be made to work, and this theory is considerably intermixed with the even stronger contention that the end of man is work. . . . This is a statement of fact, not a theory. More than 95 per cent of the purchasing-power actually expended in consumption is wages and salaries.

It will therefore be seen that there are two standpoints from which to examine its mechanism. The first considered as a method of achieving its political end of universal work, and the second as a means of achieving some other political end — for instance, the third alternative already mentioned.

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

*Considered as a mechanism for distributing goods, however, the existing financial system is radically defective. In the first place, it does not provide enough purchasing-power to buy the goods which are produced. . . . The fact that that is so is the central fact of the existing economic system, and unless it is dealt with, no other reforms are of any use whatever.*

And the second feature of equal importance is that considerably less than the available number of individuals, working with modern tools and processes, can produce everything that the total population of the world, as individuals, can use and consume, and that this situation is progressive, that is to say, that year by year a smaller number of individuals can usefully be employed in economic production.

To summarise the matter, the principles which must govern any reform of the financial system, which will at one and the same time avoid catastrophe, and re-orientate world economic policy along the lines of the third alternative, are three in number:

1. *That the cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices for consumable goods for sale in that country, and such cash credits shall be cancelled on the purchase of goods for consumption.*

2. *That the credits required to finance production shall be supplied, not from savings, but be new credits relating to new production.*

3. *That the distribution of cash credits to individuals shall be progressively less dependent upon employment. That is to say, that the dividend shall progressively displace the wage and salary — (Swanwick, 1924).*

**Coming Events** (Continued from page 1)

and Petrograd by subversive activities, in London and New York mainly by diplomacy. Without the influence of Zionism in America during the Wilson Administration, and American money, the Balfour Declaration, obtained by the efforts of Weizmann and Sokolov, would have remained a dead letter.'

The Social Credit Secretariat Assessment continues: "This is not the history taught in schools; but it is history nonetheless and an understanding of it is essential to an understanding of the present and of the almost certain future. Prince Sturdza, in this context writes: 'Jerusalem is, in the last analysis, the centre of the Palestine problem, the centre of the whole Middle East problem, and it might easily become the centre of the world peace problem too. For Jerusalem is not, for Zionism, just one more locality to be included in the Jewish state. It is the longed-for capital for which the Jews have sighed for two thousand years, the symbol of its force and cohesion, the Metropolis (soon to be inhabited by millions of refugees from Russia) which already dreams of the Euphrates as the limit of its dominion. Jerusalem as the capital of the Jewish state cannot subsist at the extreme edge of a long, narrow corridor, surrounded by hostile populations. To be truly viable, Jerusalem must be the navel of the Zionist state, broadly and safely soldered to the rest of the territory, and with secure outlets to the Mediterranean and the Red Sea. . . .'

"As a global phenomenon, Jews have two aspects. Before World War I, Jews everywhere were nationals of the countries where they resided. But they retained an international identity as a distinctive people, based on a racial identity as maintained by marriage laws and religious and other doctrines. And where there is law, there must be an organisation to maintain and apply that law. Thus, though dispersed, the Jews were internationally organised in a way that other nationalised immigrants to various countries are not.

"With the granting of a 'home' to Jews it became possible, at the expense of the Arabs, to locate a government of Jews geographically. Then the growth of the Zionist movement could offer the prospect of a more overt and formal government, which was achieved by war on the Arabs and the British, culminating in the establishment and expansion of the State of Israel, formally recognised by other States, and the U.N.

"In all this, a distinction must be made. Not all Jews are Zionists, and not all Zionists are Jews. There are gentiles who consciously pursue Zionist objectives. Probably the majority of Jews are regarded by Zionists as troops. . . ."

"Douglas concludes Chapter VI of *Whose Service Is Perfect Freedom* . . . 'It is, therefore, I think, quite possible to state the *real* as distinct from the proximate objectives of the *present war*.' They are:

- (1) The establishment of the International Police State on the Russian model, beginning with Great Britain. ('Can we finally rid Europe of barriers of caste and creed and prejudice? . . . our new civilisation must be built through a world at war. But our new civilisation will be built just the same.' — *Mr Anthony Eden*, Broadcast to America, 11th September, 1939). This contemplates the complete abolition of civil rights.
- (2) The restoration of the Gold Standard and the Debt System.
- (3) The elimination of Great Britain in the cultural sense, and the substitution of Jewish-American ideals.
- (4) The establishment of the Zionist State in Palestine as a geographical centre of World Control with New York as the centre of World Financial Control (C. H. Douglas: *Whose Service Is Perfect Freedom*)."'

**FLATTERY THAT FAILED TO PLEASE**

Paul Johnson's 600-page book *A History of the Jews* (Weidenfeld & Nicolson, 1987) has been sourly received by those it was meant to please.

Writes reviewer Todd Endelman in the *London Times Literary Supplement*: "Philosemitic approaches to Jewish history such as Johnson's resemble, oddly enough, antisemitic views in one major respect: both those who honour Jews and those who hate them tend to exaggerate their role in world history, the former because they admire and respect Jewish influence, the latter because they fear and deplore it. For both, the Jews play a critical role in the history of the West, far out of proportion to their actual numbers, occupying the centre of the historical arena, influential, cohesive, resilient, perhaps somewhat mysterious".

Endelman is quite right; whatever may have been Paul Johnson's intentions in producing an interpretation of their history uniformly flattering to the Jews, he has supplied a mass of information about Jewish predominance in high finance and business generally, in revolutionary movements and in a "cultural" industry symbolised by Hollywood at its worst, all clearly supportive of the thesis that we all live today under a Jewish world imperium.

Johnson will not have endeared himself to his favourites with his adulatory description of them as "the chemical agent of change" and as "natural iconoclasts who set about smiting and overturning all the idols of conventional modes with skill and ferocious glee", etc.

Even less likely to be appreciated are his derogatory references to J. A. Hobson, the British writer who, in a book published in 1900, blames the Anglo-Boer War on "a small group of international financiers, chiefly German in origin and Jewish in race", and describes the Jew as a person "almost wholly devoid of social morality", but possessing "a superior calculating intellect, a natural heritage . . . allowing him to take advantage of every weakness, folly and vice of the society in which he lives".\*

Johnson also quotes disapprovingly from another of Hobson's books, *Imperialism: a Study*, an assessment of Jewish power exercised through the instrumentality of high finance, an assessment more manifestly true today than when it was written: "Those great businesses — banking, brokering, bill discounting, loan floating, company promoting — form the central ganglion of international capitalism. United by the strongest bonds of organisation, always in closest and quickest touch with one another, situated in the very heart of the business capital of every state, controlled, so far as Europe is concerned, chiefly by men of a single and peculiar race, who have behind them many centuries of financial experience, they are in a unique position to control the policy of nations. No great quick direction of capital is possible save by their consent and through their agency. . . ."

Since there is no book of Jewish history written by a Jewish scholar that is not a "gift" to those who distrust Jewish power, it was hardly to be expected that a gentile would do any better. "Is it possible," asks history professor Henry Feingold, "that there is something so idiosyncratic about the Jewish presence in history, considering the fact that it is a community based on an idea and on history itself, that it resists the tools and thwarts the assumptions of

(Continued on page 4)

\* *The War in South Africa*, J. A. Hobson. See also, *The Boer War*, Thomas Pakenham (1979).

## C. H. DOUGLAS AND THE BUDGET BALANCING ACT

The British Government's forthcoming Budget is widely reported to be likely to show a substantial "surplus" for 1987-88. Unexpectedly buoyant tax revenues, it is said, account for this and for the "undershoot" in the Public Sector Borrowing Requirement. Originally estimated at £4 billion a year ago, it is now expected to be below zero, thereby enabling a small net reduction in the huge Public Sector Debt for the first time since the late 1960's. Expectations of tax-cuts abound and various means of disposing of "the surplus" are keenly debated.

Under the persuasive influence of media comment, the citizen might be forgiven for concluding that such a Budget reflects great credit on the Chancellor. Consciously or unconsciously, he will compare the state of the national finances with that of his own, which may similarly show a surplus (or possibly a deficit) on his year's work.

The more discerning citizen might ruefully note that he and his fellow taxpayers have been unnecessarily deprived of several billions of purchasing power, part of which may now be returned to him as a tax cut, thereby earning for the Chancellor the undeserved plaudits of the uninformed.

A growing number, it is safe to say, will have the insight to see the whole process for what it really is, a gigantic confidence trick played on the population in order to maintain intact the monopoly of credit creation by the banks. Ever since 1694, when William Paterson inveigled King William III to grant him the right to print notes in exchange for a loan of gold, thus simultaneously instituting the "Bank of England" (a private business) and the National Debt, successive governments have continued to be beholden to banks for the funds to finance government expenditure, with the consequence of a National Debt now demanding nearly as much to service it (£17 billion) as the entire Defence budget (£18 billion).

But the full enormity of this confidence trick is only grasped when it is also understood that the incomes on which taxation is levied to pay that interest have themselves originated predominantly in bank-created credits to finance the businesses from which the wages, salaries and dividends are derived. In *The Monopoly of Credit* (1931), C. H. Douglas summarised this position as follows:

"... The great spending departments . . . obtain the money with which to make their monthly payments by means of drafts upon what is called the 'Ways and Means Account', which is in fact merely a Government overdraft kept with the Bank of England. The Bank of England treats this overdraft of the Government as cash which, since it rests upon the credit of the country, it is clearly entitled to do. The sums received in taxation go to the reduction of the Government debit on the Ways and Means Account, so that we have the position that the money which the Government spends is created by the Bank of England, is loaned to the Government, and is repaid by taxation of wages, salaries and dividends which were originally derived from this and other bank loans, which, in turn, have to be repaid.

"It will be clear that the demand for a balanced budget is another form of the claim that all money belongs to the banks, and so far from being a reflection of the physical facts of production, is unrelated to them. Every modern community, so far as physical facts are concerned, is becoming richer year by year, and this increase of riches

could be greatly accelerated, a fact which is indicated by a large unemployed population, and a manufacturing system with a capacity which, although already greatly in excess of present possibilities of sale, is daily being improved. It is equally obvious that so long as this demand for a balanced national budget is admitted, there can be no economic security, since it involves continuous application to the financial authorities for permission to live" (*The Monopoly of Credit*, Chapter V).

There is a way out of this bankers' stranglehold on the national finances. That is to stop all further "borrowing", (a misnomer for the use of credits created "out of nothing" on the capacity of the nation itself to produce its wealth), and to transform the Public Sector Borrowing Requirement into the Public Sector Credit Requirement. Public Sector spending must be funded by money, created as now on paper by the Bank of England, but credited, not debited, to the national accounts and thus being both debt-free and interest-free.

Lest "printing money" should raise the bogey of runaway inflation, let it be made abundantly clear that such a reform is no more than the first essential step. Once the bankers' monopoly of credit is broken and control of the money supply is firmly based on the physical facts of production and consumption, a proportion of the PSCR can be directly applied to the reduction of prices to the consumer by means of the National Discount mechanism. In accordance with the basic principle that the True Cost of Production is Consumption, this mechanism brings sale prices below the level of cost prices. Prices to consumers would thereby be reduced at the point of sale, and retailers would be compensated the difference between cost and sale prices.

Since the entire machinery for administering Valued Added Tax is already in place and functioning, it is equally available for carrying through such a major reform. The National Discount could be introduced, if need be in stages, first by a substantial reduction in the level of VAT, then as soon as possible by its abolition and reversal to a negative rate and its extension to all products. All risk of inflation would thus be eliminated and the way be opened for the National Dividend and the establishment of true economic democracy.

To quote Douglas further, "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. Instead of paying for the doubtful privilege of being entitled to a particular brand of passport, its possession entitles him to draw a dividend, certain, and probably increasing, from the past and present efforts of the community of which he is a member. The National Debt, which he did not create, becomes a national credit which is a reflection of the national capital which he did create. His budget is not required to balance because his wealth is always increasing" (*The Monopoly of Credit*, Chapter 9).

**Flattery That Failed To Please** (Continued from page 3)  
modern scholarship?" †

What could be more idiosyncratic than a nation that needs a history but also needs to keep it secret?

— From *Behind The News*, January, 1988,  
by Ivor Benson, c/o Heron Books, P.O. Box, 29,  
Sudbury, Suffolk, CO10 6EF.

† Professor Henry Feingold in *Special Interest Report*, August, 1982, published by The American Council for Judaism.