

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

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Profitless

Professor C. Northcote Parkinson, author of the famous *Parkinson's Law*, has written a novel, *The Law and the Profits*. We do not think the Professor intended it as a novel but a novel is an imaginative work combining fact and fiction, and this is what Professor Parkinson has produced. The facts, numerous and many, are valuable. The fiction is implicit, and relates to the nature of the monetary system.

The thesis is "Parkinson's Second Law": "Expenditure rises to meet income." This is stated to be obviously true of individuals, but less widely recognised as true of governments. That is to say, Parkinson asserts as true that government expenditure is essentially the same as individual expenditure; that is the fiction. The truth is otherwise, and fundamental to our present troubles.

Parkinson's Second Law is based on the idea that government 'income' is derived from taxation, but this idea, while superficially true and apparently obvious, does not go back far enough, and assumes the existence of money as a real commodity. Gold as money is a real commodity; metallic coins are a real commodity, though their value *as metal*, which is real is not necessarily related to their nominal value *as money*; and currency notes have an intrinsic value (represented by their cost of production) which is only a small fraction of their nominal value. And even so, the total 'value' of gold, coins and notes is only a small fraction of the quantity of 'money' assumed to be in existence. The rest is book-keeping. All countries with developed economies have national debts which vastly exceed the amounts of their currencies.

The central fact is that what is considered as 'money' astronomically exceeds what exists as currency—if we exclude cheques. But cheques, which operate effectively as a means of exchange, are not currency but an element of book-keeping. Now cheques drawn on overdraft, and paid into another bank-account as a deposit, increase the total amount of bank deposits; and that process is the origin of almost all 'money'. Equally, a cheque drawn against 'savings', and deposited to an overdrawn account, reduces the total of deposits, and thus of 'money'. Advances of 'credit' are constantly being made, as are repayments of advances; but on balance, at most times, the rate of advances has exceeded the rate of repayment, so that there has been a continuous net expansion in the volume of 'money', as represented by deposits in banks. Circulating money—notes and coins—varies with business activity; for example, it is increased quite markedly by the issue of notes to cover the increased spending at a time like the Christmas season.

For a long period of time there was an increasing, but not very obvious, liaison between central or reserve banks, and government treasury departments. Much government finance was based on Treasury Notes, which in essence result in a creation of credit and hence an expansion in the volume of money. The

impression left with the public at large by means of yearly budgets (whose form is quite rightly criticised by Parkinson as grossly misleading) was that government revenue was derived by annual taxation to cover annual expenditure, aided by 'public' loans. While it is probable that the man in the street believes that these loans are mainly subscribed to by individuals, they are in fact held in the main by financial institutions, and indeed conceal the mechanism of Treasury Bonds which expand the volume of money.

Expanding industrialisation requires an expanding volume of money, but when these rates of expansion get out of balance, we have the phenomenon of booms and depressions, ever harder to control by normal banking techniques. Control of the supply of money, which in essence is overall control of national policy, represents the *power* of the banking system organised under the central or reserve banks, which in turn are controlled by the international banking houses (because they must hold 'foreign exchange', as gold or 'hard' currencies, as a base of credit), where world power resides. But with an expanding volume of money, the possibility of relatively large accumulations of money in private hands provides increasing possibilities of the exercise of independent initiatives outside the control of the banking system. This is a challenge to the power of the international bankers; and they have risen to the challenge.

In 1929 they called in overdrafts on a large scale, thus reducing the quantity of money below the needs of the economy. This resulted in the Great Depression, which was allowed to proceed to a point where drastic measures to deal with it appeared to be necessary, and where individual accumulations of funds had been destroyed. This set the stage for a centrally controlled economy.

In 1933 Franklin Roosevelt took office as President of the U.S.A. But Roosevelt was surrounded by a ring of top financiers, and immediately took steps to strengthen the position of the financial system.

Speaking on March 18, only two weeks after Roosevelt took office, C. H. Douglas said: ". . . the main lines of United States action in the present crisis are, firstly, to remodel the American Banking System on the British branch banking system so as further to consolidate the monopoly of credit in a few hands, and, secondly, by immense schemes of public works financed by loan credit issued by this strengthened banking system to induce both an increase in employment and a rise in commodity prices. The public debt of the United States will be enormously increased at the expense of the private debt held by the industrialists, and industrialists will be reduced to a position which will make it impossible for them to form a menace to the bankers such as they undoubtedly offered in 1929. At any rate, in theory,

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Order

“Use force now,” cried a voice at one of Mr. Wilson’s meetings. The words may have proceeded from a communist, but they express the views of such organisations as Christian Action and the British Council of Churches.

The *New Christian* (March 10, 1966) asks its readers to remember Rhodesia and complains that the situation there is “going from bad to worse” and that the right handling of the rebellion concerns all who care for the “dignity of man”. It complains of the “deplorable” record of the Government and the Opposition and demands the “firm steps” which it alleges “world opinion” requires.

Another organisation, Amnesty International, reveals that 1,100 Africans have been sent to detention camps and that “many hundreds” are in police cells. Considering the army of saboteurs that infiltrate, or are supposed to do so, one feels that the figure might have been greater. Rhodesia in fact fights for its life against the subverters of order in the world and the absence of incidents suggests that the *de facto* Government is acting with restraint and responsibility.

The Bishop of Matabeleland (the Right Rev. Kenneth Skelton) has bewildered the censors with a passage intended for his diocesan journal, for it was excluded one month and passed the next. The passage includes the exhortation “to work for the achievement of Christian standards of freedom, justice and order in national and political life.” The reader might consider the words “freedom” and “justice” loaded, implying that the present régime did not measure up to them. But surely “order” has a recognisable meaning and if a government keeps order it fulfils a vital duty.

For Rhodesians are better aware, it seems, than their adversaries of the chaos created to the North of them, and Mr. Smith has mentioned “communist and fascist slums.” “Peterborough”, under the heading “Africa 1966”, includes the following paragraph (*Daily Telegraph*, March 18): “A statement on Mogadishu (Somalia) radio made by a Somali nationalist leader seeking independence for the Somali-inhabited Northern Frontier District of Kenya: ‘We, the N.F.D. people, vow to skin some people, make parchment from their skins, drain their blood and use it as ink, use their bones as pens, and serve up

their flesh as rations, and never give up our fight for our independence.’” Christian Action might investigate the complaints of the Somalis before they carry out their threats.

The British at present do not mean to fight the Rhodesians, much less to eat them, merely to starve them into submission. Naturally the poorer inhabitants will suffer first, although the régime has made extraordinary efforts to maintain the country against torrents of abuse and attempts at subversion. The bishop and the organisations should appreciate that the communist enemy has no interest in justice, freedom or order and that they are smoothing his way to power. A glance North should instruct them.

—H.S.S.

The Combatants

A British businessman told a *Daily Telegraph* reporter who was expelled from Guinea after seven hours under police guard at Conakry airport, that conditions there are deteriorating rapidly. “Most shops are now closed, such essentials as razor blades, soap and toothpaste are often missing for weeks.” At the Hotel de France, once the best in the country, the water in the rooms and the air conditioning functioned only spasmodically (March 7, 1966). Such are a few of the facts of life under President Sékou Touré, Dr. Nkrumah’s host, and the Rhodesians are doubtless better informed of African facts than English politicians.

In the *Church Times* (March 4, 1966), Mr. Oestricher of the British Council of Churches replies to Mr. Lewis at length, saying that of course the Christian Church should assume the same responsibilities elsewhere as it has in Rhodesia “bearing in mind that none of us can fight more than a certain number of battles at one time.” The reader might well ask why the British Council has picked on Rhodesia, and his curiosity will be further aroused when the Bishop of Mashonaland complains of words used in a statement by this Council that the bishop had “received a last and final request” about a pastoral matter when in fact the matter is still under review.

To confuse the reader still further the Bishop of Kensington writes from the same address as the British Council, appealing for funds to combat famine in India on behalf of Christian Aid. One may conclude tentatively that the staff at Eaton Gate has two battles in hand, one against famine in India, the second against the present Rhodesian régime.

Yet Rhodesia has become an issue in the British General Election and Mr. Heath favours talks with Mr. Smith: explaining that this does not mean that Mr. Heath and Mr. Smith will talk, but that discussions will start at a low level. This may be due to pressure from people with some sense and knowledge, or to the fear that if left alone Mr. Smith could prove everybody wrong.

The former European powers in Africa had three courses open to them. They could have pulled out everything, arms, staff and money, and have left the new states to fend for themselves, and perhaps conditions at Conakry would have become the rule. Generally they departed and left arms and promises of money behind, and while the amount of Dr. Nkrumah’s fortune remains obscure, the use to which the arms have been put has enlivened the news reports. A third course, favoured in Rhodesia, was to hand over power only gradually and where it would not be misused and this sensible method has aroused the bitterest antipathy. Their government might justifiably claim to be acting a good deal more humanely than the busybodies, and it may be

some relief to them that Mennen Williams has now retired. Miss Todd, who prophesied that the gutters of Bulawayo would be running with blood, has returned to Britain to write a book and Miss Caccia, representing yet another misnamed society ("Amnesty") has been sent home. Rhodesians must wonder what other shapes a trouble maker can assume.

—H.S.S.

The John Birch Society

Under the heading "John Birch Society not anti-semitic—just a Communist smear" the following letter, to the Editor, appeared in the *Canberra Times*, March 11, 1966:

Sir,—As reported in the *Canberra Times* yesterday, three leaders of Australian Jewry, Messrs. Einfeld, Leibler and Lasky, regard the John Birch Society as anti-semitic and therefore a threat to Jewry. They are either grossly misinformed or choose for reasons of their own to label the Society as something which it certainly is not—a fanatical, right-wing, extremist, racist, fascist, etc., organisation.

Here are the facts. The John Birch Society was founded on December 8, 1958, and chartered under the General Law of Massachusetts as a non-profit, educational organisation and the society has meticulously lived up to this specification. Since its inception the society has sought to limit its membership to only men and women of good character, humane conscience and religious ideals, who can be relied upon to strive to set an example, by dedication, integrity and purpose—in word and deed—which their children's children may follow without hesitation.

Members of the society are of all races, colours and creeds including a large number of Jews, many in executive positions and are of all social, economic and educational levels. As individuals they disagree among themselves on many things but are firmly united in devotion to those beliefs, principles and purposes which they hold in common. These are:

"To combat more effectively the evil forces which now threaten our freedom, our lives, our country and our civilisation."

"To prevail upon our fellow citizens to start pulling out of the deepening morass of collectivism and then climb up the mountain to higher levels of individual freedom and responsibility than have ever been achieved before."

"To restore, with brighter lustre and deeper conviction, the faith inspired morality, the special sense of values and the ennobling aspirations on which our western civilisation has been built."

"To achieve the long range objectives of less government, more individual responsibility and a better world."

These purposes have brought the society into direct conflict with Communism, its adherents and sympathisers, on two levels. On the ideological plane Communism seeks to bring about more government, less individual responsibility and an amoral world. On the plane of action, until the spread of communism is stopped, the society's aims cannot be realised. The society has therefore undertaken to play a leading role in slowing down, stopping and eventually routing the Communist conspiracy. The society's strategy to achieve this aim is based on the assumptions that no conspiracy can withstand the exposure of its activities. The society's total tactical offensive to achieve its strategic aim is the bringing to the notice of citizens, through the medium of carefully researched and documented literature, the facts of the methods and progress of the Communist menace and the growing danger it poses to western civilisation.

The Communists in the U.S.A. quickly appreciated the danger of exposure of their methods and progress by the society and have waged a relentless smear campaign against the society since soon after it was founded. That responsible leaders of Australian Jewry have accepted the Communist line on the society is a frightening indication of the measure of the success of the Communist smear campaign which it seems has now spread to Australia.

Messrs. Einfeld, Leibler and Lasky and those members of Australian Jewry who have been influenced into believing that the John Birch Society is anti-semitic, should also take notice of the report written by the Fact Finding Sub-committee of the Californian Senate after a two-year investigation of the society. The report ended with this paragraph:

"Our investigation and study was requested by the society, which has been publicly charged with being a secret, fascist, subversive, un-American, anti-semitic organisation. We have not found any of these accusations to be supported by the evidence."

GORDON WALLER

Profitless

(continued from page 1)

this will result in raising taxation of various kinds to fantastic heights . . . leaving the bankers in supreme control of the situation."

What went on in Roosevelt's "first hundred days" was not immediately obvious, but it is perfectly clear in retrospect. A brilliant account is given in Garet Garrett's *The People's Potage*. Briefly, the functions of the Federal Government were rapidly and extensively expanded by the importation of a "Brains Trust" and a horde of London School of Economics-Harvard trained socialists; the utter centralisation of financial power by the *confiscation* of gold; and the erosion of the U.S. Constitution by the packing of the U.S. Supreme Court.

The inauguration of Roosevelt was the inauguration of a planned revolution; it is impossible to read a coherent account of Roosevelt's immediate steps without realising that he was putting into operation a ready-prepared plan, and naive to suppose that it was all the work of his own little brain. Roosevelt was the figurehead and spell-binder; he was controlled by an inner group of internationalists in control of international finance; and the control extended through a prepared revolutionary group of bureaucrats whose grasp over the nation was immensely spread and strengthened by the ensuing war.

"Who pays the piper calls the tune". Translated into the present context this means "who has the power to issue money (credit) has the power to control economics, and thus politics". This power can be kept a monopoly so long as the money can be withdrawn, and most of it is withdrawn through the medium of prices—"the cost of living"; it is irrelevant to this how complex the standard may be.

But owing to the enormous increase in industrial productivity, what goes to make the standard of living involves the employment of a diminishing proportion of the population, and the rest of the employable population, if it is to be employed, must be engaged in activities which do not directly or presently contribute to the standard of living; that is to say, the result of their activities does not appear on the consumer market. Their incomes, however, do, and represent a flow of money from which funds competitive with those of the banking system might be accumulated—as happened prior to 1929. It is to mop up this flow that

taxation is high, and 'controlled' inflation (which is a continuous universal tax, in England at present, of 3% per annum on income *and savings*) is maintained.

If this whole process is grasped, it will be seen that Parkinson's Second Law should be stated thus: "Taxation rises to neutralise expenditure". The purpose of taxation is *to retain the initiative over economic policy in the hands of the centralised banking system*, whose agents modern bureaucratic governments increasingly are. What happened in the U.S. in 1933 was the welding together more and more openly of financial and government power; and particularly as a consequence of the war, this process was extended throughout the world. In Australia, for example, uniform taxation was imposed as a "war-time" measure, thus giving the central bank-government complex financial control over the States; and the system of special deposits required of the private trading banks kept them in control of the central bank.

Parkinson also remarks: ". . . the British must rely chiefly upon experience, integrity, enterprise, knowledge and skill . . . these are the very assets which the tax system tends to destroy." He should have written "the tax system is intended to destroy."

Marx and Engels wrote into the Communist Manifesto as one of the techniques to be employed in achieving socialism the principle of progressive taxation. Marx-Leninism is a technique for bringing in socialism by violence. But what is more important than the method is the *meaning* of socialism, which is centralised control over the policy, and hence of the lives of individuals. A graduated income tax adds only a trifle to total government exactions, but it severely limits individual initiative. And all this is equally true of confiscatory death duties.

Professor Parkinson published his book in 1960. In the ensuing six years the powers of the government-finance complex have further increased. Those with their hands on the levers of power will not be disturbed by a criticism which, in the most important respects, misses the point. What does threaten them is the effective and wide exposure of the conspiracy by which they attained and are consolidating their power; and by the increasing productivity of industry, which makes full employment as a policy, designed to keep people out of mischief—i.e., capable of becoming a threat to the permanent government—increasingly difficult to maintain. In the long run it would become impossible to maintain it except by police-state methods. In the meantime, the inefficiency and frustrations of the tax system gain time for the preparation and imposition of physical control, and in addition imprison untold millions of the world's population in offices, engaged on financial problems designed to keep them there.

There have been many penetrating criticisms of the economic system, but almost invariably they are logical exercises based on certain assumptions which, though admittedly taught from childhood up as axiom or facts of nature, are nevertheless false. Of these, the static view of money as a commodity is one of the most important. Gold has been confiscated by the government-finance complex, the value of metallic currency as a proportion of total 'money' is infinitesimal. All the rest of money is issued as a temporary loan by the government-finance complex, and virtually the whole of wages and salaries (and profits) are destined to return to that complex in a shorter rather than a longer period of time, via prices and taxes; its re-issue is subject to the policy of that complex, which is full employment—the non-naughty word for modern slavery.

So long as false assumptions underlie criticisms, these critic-

isms very often do more harm than good, as adding to the general confusion. The inner controllers know what they are really doing, and they can go on doing it so long as their critics do not. No attack on taxation, no matter how brilliant, will reduce it. The best brains in the world are at the command of finance, which, by amalgamation with government, is in control of all the forces of the state. This complex is now invulnerable to anything but exposure. It is not incompetence or inefficiency or a lack of comprehension we are up against, but policy and power. And if Professor Parkinson wants to find that out for himself, let him master the realities of credit-control, expound them in his competent and entertaining way, get the book published (if he can), and then see what happens to his reputation.

THE MENACE OF COMMUNISM

This brochure has now been reprinted. With particular reference to Rhodesia, it poses the question, "Why does the West pursue in Africa the policies so vigorously advocated by the U.S.S.R. and Communist China? Is it by accident, incompetence or design?" A comprehensive list of books on the International Communist Conspiracy indicates where the answer may be found.

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